FBIS DAILY REPORT

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MILITARY LEADERS REACT TO REPORT OF COUP

Denied by Defense Minister

PY050141 La Paz Red Panamericana Spanish 0000 GMT 5 May 87

[Text] Defense Minister Alfonso Revollo has categorically denied a report published in the last issue of the weekly AQUI on a coup attempt allegedly staged by officers of the School of Higher National Studies and former Defense Minister Luis Fernando Vzalle.

Revollo admitted that there had been a minor problem at the school, but he made it clear that in no way could it be regarded as a rebellion. He said the Armed Forces understand very well the significance of democracy for Bolivian life, and that they fully respect the Constitution.

[Begin recording] [Revollo] I believe it is a report originated by a very unreliable source. We have confirmed that total normalcy prevails within the Armed Forces, and that the president, who is the captain general, has the Armed Forces' full support.

[Unidentified reporter] Do you also deny that the former defense minister has tried to destabilize the democratic government?

[Revollo] Yes. Nothing really happened. Rather than a problem, the situation at the School of Higher National Studies was related to academic matters, and it has already been resolved. [end recording]

The defense minister concluded by saying that the weekly AQUI probably seeks to achieve political objectives promoted by sectors that oppose the current Bolivian Government and the tranquillity prevailing in our country. The people can rest assured that everything is calm, he said.

Concerning joint Bolivian-U.S. maneuvers, the minister said U.S. troops began arriving last Friday. He announced that two Galaxy planes will arrive this week bringing the remaining equipment and troops, so the "United Forces-87" maneuvers may begin on 11 May.

Saavedra: Reports 'False'

PY051442 La Paz La Red Panamericana in Spanish 1130 GMT 5 May 87

[Text] Armed Forces Commander General Gonzalo Saavedra stated that the Armed Forces are fully subordinated to the current democratic process and that reports of unrest are completely false.

The Armed Forces commander in chief made this statement in view of an article in the latest issue of the La Paz weekly magazine AQUI which asserted that officers of the National War College and former Defense Minister Luis Fernando Valle intended to rebel because of recent problems.

The Armed Forces commander in chief now refers to the subject:

[Begin Saavedra recording] The college director has informed us that there is nothing of the sort. Moreover, it is obvious that the article was written by Colonel Lanza, who denied it over Radio Panamericana, I think. Therefore, all Bolivian citizens may rest assured there are no problems within the Armed Forces. [end recording]

Later, Gen Saavedra said there is complete institutional unity within the Armed Forces.

[Begin Saavedra recording] We have said there is no group or type of group that can (?stain) the Armed Forces. [words indistinct] the headlines are sensationalistic, there are no persons that support Garcia Meza, Hugo Banzer, or Paz Estenssoro. We are all members of the Bolivian Armed Forces. [end recording]

U.S. MILITARY PERSONNEL, EQUIPMENT ARRIVES 4 MAY

PY051545 La Paz La Red Panamericana in Spanish 1130 GMT 5 May 87

[Relay from Santa Cruz de la Sierra by Felipe Calvi Montes]

[Text] At 1350 [1750 GMT] yesterday a Galaxy C-5 from Panama landed at Viru Viru International Airport. The plane landed under strict security measures and no journalists or photographers were allowed near it; they were only able to watch it from a distance. Shortly thereafter several U.S. soldiers, jeeps, vans, and other special equipment presumably to be used during the maneuvers beginning in the next few days were unloaded from the aircraft.

Another aircraft, a Hercules C-130, landed at approximately 1705 [2105 GMT], bringing more U.S. officers. This plane was parked where commercial planes are usually parked. The officers who arrived on this plane were taken to various hotels in this city. The huge Galaxy C-5 took off to return to Panama at 1715 [2115 GMT] during a heavy drizzle. Unofficial sources told Panamericana that the Galaxy C-5 will return to Santa Cruz today while the Hercules C-130 will fly to various areas, especially those where the U.S. maneuvers will take place. It should be pointed out that everything is being kept secret, no information has been disclosed regarding the maneuvers to take place or about what is going on at Viru Viru airport.

GARRETT BACKS 'UNITED FRONT' IN CHILE NEGOTIATIONS

PY051405 Madrid EFE in Spanish 0127 GMT 5 May 87

[Text] La Paz, 4 May (EFE) -- Bolivian Vice President Julio Garrett today expressed support for a proposal by Fernando Salazar, former ambassador to the OAS, that Bolivia should present a "united front" to negotiate with Chile. Garrett stated that the remarks by Chilean Admiral Jose Toribio Merino "oblige us to join efforts and present a united front, especially when there are situations that have their roots in Santiago." The vice president said the remarks by Merino, who said that Bolivia never had a seacoast and does not need one, are "offensive and insulting to our country. It is our duty to present a united front when the cause is the outlet to the sea."

Senate President Ciro Humboldt has stated that "no more fuel must be thrown onto the fire," and that it is necessary to let the Foreign Ministry continue with its negotiations.

SARNEY SEES 'SMEAR CAMPAIGN' AGAINST GOVERNMENT

PY060357 Madrid EFE in Spanish 2036 GMT 5 May 87

[Text] Brasilia, 5 May (EFE) -- Liberal Front Party [PFL] Senator Carlos Chiarelli today said that President Jose Sarney believes the current political crisis is part of a smear campaign orchestrated against his government and that "no similar campaign has ever been orchestrated against any other president."

Chiarelli said Sarney told him by telephone on 3 May that "he is the target of an unprecedented aggressive campaign against a president of the Republic." Sarney has been facing a political rebellion as a result of his decision to replace three ministers last week. This crisis may result in a call for presidential elections next year.

Chiarelli, who is the PFL leader in the Senate, said the president did not identify the sector or sectors involved in this campaign, but noted that the criticism "is part of the campaign orchestrated against his government." According to Chiarelli, Sarney announced that he will address this campaign with "harsh administrative measures because he has run out of patience."

"A conciliatory spirit must not be mistaken for weakness," Sarney reportedly said to Chiarelli.

Presidential Spokesman Antonio Frota Netto confirmed that President Sarney talked with Chiarelli on the phone. Netto noted, however, that he did not know the subject of the conversation.

Sarney has been under heavy criticism by the two members of the Democratic Alliance, the PFL and the Brazilian Democratic Mobilization Party, over the country's political and economic situation.

BRESSER SAYS NEGOTIATIONS WITH IMF POSSIBLE

PY060234 Paris AFP in Spanish 2333 GMT 5 May 87

[Text] Rio de Janeiro, 5 May (AFP) -- It was learned today that the new Brazilian Finance Minister Luiz Carlos Bresser Pereira has said that Brazil would be willing to resume talks with the IMF if this organization makes reasonable proposals on the foreign debt. Bresser made this announcement, according to the Brazilian press, during a meeting with the executive committee of Inter-American Dialogue in Brasilia yesterday.

Inter-American Dialogue is a nongovernment organization made up of politicians, businessmen, and professionals of the United States and Latin America and is headed by Sol Linowitz, former U.S. ambassador to OAS and negotiator for the Panama Canal Treaty. The executive committee of this organization has been in Brazil for several days to study matters related to the foreign debt issue on the subcontinent. A document on its activities is expected in the next few hours. Observers pointed out that this is the first time this organization has met outside the United States.

One of the visitors said that when Bresser was asked about the possibilty of dialogue with the IMF, which would represent a clear change of the Brazilian position since the civilians returned to power, he was evasive.

Peter Bell, vice president of Inter-American Dialogue, pointed out after the meeting with Minister Bresser Pereira that Brazil is adopting a more coherent economic policy. He said this policy tends to facilitate rapprochement with the IMF especially now that the IMF is beginning to accept readjustment programs compatible with a policy of maintaining the growth of the economies of the indebted countries.

An article published by the influential daily FOLHA DE SAO PAULO says that since the beginning of the year Brazil has in practice been following, the guidelines proposed by the IMF at a time when Dilson Funaro, a strong opponent of any dialogue with the IMF, was still responsible for the economy.

The IMF guidelines refer basically to adjusting public utilities above the inflation rate, a gradual devaluation to get better trade, bank interest rates that will prevent speculation and capital flight, and a reduction of purchasing power with the resulting reduction of internal consumption through salary readjustments below real inflation.

Ramiro Saraiva Guerreiro, chief of the Brazilian mission in charge of negotiating the foreign debt, also said before a committee of the Constitutent Assembly that the possibility of resuming a dialogue with the IMF is something that cannot be excluded.

Delivers Swearing-in Speech

PY042332 Sao Paulo FOLHA DE SAO PAULO in Portuguese 1 May 87 p A 6

["Text" of speech by new Finance Minister Luiz Carlos Bresser Pereira at swearing-in ceremony in Brasilia on 29 Apr]

[Text] Ladies and gentlemen: I assume the post of finance minister, honored by the confidence of the nation's President and of my party, the Brazilian Democratic Mobilization Party, and fully aware of the difficulties that lie ahead and of the responsibility that I assume.

The Brazilan economy today faces a crisis, following the days of fair weather brought about by the Cruzado Plan. This plan, implemented with courage and competence by a great team headed by Dilson Funaro, Joao Sayad, and Fernando Bracher, was based on the correct analysis of the inertial character of the Brazilian inflation [mostly stemming from inflationary expectations acting through mechanisms of monetary correction], and it was initially successful in controlling inflation. Compelled by the very success of the Cruzado Plan, however, the government found itself unable to balance relative prices or maintain the equilibrium of aggregate demand. The imbalance of relative prices, which were frozen on 28 February 1986, was made worse by new imbalances in sectors which proved difficult to control, and which, stimulated by the explosion of consumption, increased their prices by resorting to devious means.

As the imbalance of relative prices became unbearable and the excess of demand continued, the freeze was thawed and inflation surged upwards once again. Inflation, which stood at 2 percent per month, jumped to 15 percent, mainly because of the need to readjust relative prices. The excess in demand lies at the root of the resurgence of inflation, but only the need to readjust prices and to realign relative prices explain [as published] the fact that inflation went up to 15 percent.

At the same time that inflation reignited, the balance of payments started to tilt against us. Pressured by the internal upturn of the economy and by the deterioration of the terms of trade, exports declined and imports climbed. Our trade-balance surplus abruptly dropped, and only now does it begin to show an increasing trend.

In other words, during 1986, the Brazilian economy entered a classical process of becoming out of balance, triggered both by the excess of demand and the imbalance of relative prices.

Early this year, when the Brazilian Government decided to suspend the payment of interest on loans from private banks, it took the only measure possible to preserve our international reserves, since it has not yet been possible to sign an agreement with international bankers to obtain new money.

To these external difficulties are added the internal difficulties, caused to a great extent by the excess of expenditures by the State government. To these expenditures, which were caused mainly by the indiscriminate hiring of personnel during the pre-electoral period, were added the imbalances of the States' finances resulting from the sudden acceleration of inflation, increasing their expenditures before their cash flow revenues could increase.

These are the difficulties with which we must immediately deal at the time that I choose my team of aides.

To bring our external account back into balance is a priority. Clear signs of export recovery can already be seen, but we should not abandon the target of $8.0 billion trade-balance surplus which has been set for this year. To reach this target and to stabilize inflation, we must implement a plan of economic adjustment as soon as possible. This is a short-term plan which is compatible with the long-term plan presented by the Brazilian Government, which, for the next few years, calls for an average trade-balance surplus of $9.0 billion and $4.0 billion in new money from international creditors. This is a macroeconomic adjustment plan containing targets for increasing commercial surplus, reducing needs for financing in the public sector, controlling liquid internal credit and monetary base, and establishing a rate of economic growth. By contrast to the IMF usual practice, however, the rate of growth will not be a final consequence -- generally a recession, as happened in 1983 -- but a fundamental target to which all others must be continuously adjusted. Since we need to make an adjustment, this year's growth rate should be between 3 and 3.5 percent. Over the medium term, our growth target should be between 6 and 7 percent, thus resembling Brazil's historical growth rate.

With this plan, it will be possible to bring the balance of payments back into equilibrium and to stabilize inflation. It will also make it possible to resume talks with the international financial community. When Brazil decided to suspend interest payments, its objective was not to seek confrontation. Brazil has clear national interests, and thus it is not willing to sacrifice its development or relinquish its sovereignty in striking an agreement with its creditors.

We know that we are part of the international economic system, a small but significant part of it. We are not a developed country of the First World, but neither are we a typical Third World country. We have a large industry, strong agriculture, a financial system capable of effectively attracting savings and of financing the public and private system, technological capability, and international competitive capacity. We are an unbalanced society, but one in which a modern working class, a technically competent middle class, and large entrepreneurial class can be found. They have been the real driving force of the Brazilian development.

This great nation is willing to talk with its creditors. It clearly knows its interests, but realizes that these interests are not always the same as those of its creditors. We are perfectly capable of implementing the austere and responsible economic policy that current circumstances demand. With the support of President Sarney, we will implement such a policy. This policy, drawn by the country and its government, will serve as a basis for an agreement with our creditors, which is possible and necessary.

In the administration of the economic policy, we will have to follow some guidelines. Brazil is a capitalist country, one which has a market economy coordinated by prices set by market rules. This means that state intervention in the economy, its regulatory action, which is indispensable, should only be used to correct distortions.

Relative prices, both public and private, will represent the value of goods and services. They will represent the market prices determined by a competitive economy. Price controls are only necessary when there is some sort of monopolistic control over the market.

The rate of exchange must be realistic, guaranteeing the competitiveness of our exports and the equilibrium of our balance of payments.

The interest rates must be real but as low as possible. They must always be higher than the inflation rate to guarantee the viability of the financial system, and to avoid unrestricted consumption, stockpiling, overpricing of real estate, and capital flight. They must be as low as possible to reward entrepreneurial productive effort.

The average real salaries should be preserved and then increased as the average productivity of the economy increases. Any increase of real salaries above the increase of productivity, as happened in 1986, brings about unbearable inflationary pressures.

The escalator clause is today an adequate form of salary indexation, which guarantees the buying power of the workers' salaries, provided inflation does not run too fast. As a method of indexation, the escalator clause facilities the stabilization of inflation at the current level and even permits a moderate reduction of that level.

The Brazilian economy has again become subject to indexation, and it is in the middle of a process of readjustment of relative prices. One must complete this process of indexation and price readjustment, mainly of public prices in order to guarantee microeconomic equilibrium and to stabilize the level of inflation.

These are short-term measures. Over a longer period we will continue to build in Brazil a more prosperous and more just society. To this end, we will have to increase the savings capacity of private enterprises and to reestablish the state's saving capacity, which has been greatly reduced in recent years. We also need to limit the transfer of resources abroad and to secure new resources, stimulating the flow of risk capital into the country. To this end, the conversion of external credits into risk capital should be rapidly regulated by the Central Bank. We need foreign capital and technology to assist our development. In special cases, like the computer industry, we can and should establish a reserved market system. But this system must be limited and temporary, until we acquire the internal capacity to compete on the international market.

However, to make our society more developed is not enough; it is necessary to make it more just. To pursue this objective, the tax reform, not the salary policy, which is inflationary, must be the tool. My ministry will give full support to delegates of the Constituent Assembly so that the new constitution, followed by ordinary legislation, can establish a tax code that will not further burden the middle class. The tax increase, added to the correction of public prices, is essential for the reduction of the fiscal deficit, recovery of the capacity for public savings, and financing social expenditures, which should be made through the states and municipalities to decentralize those expenditures. In this way, through the tax code and public expenditures, we will be better distributing income and closing the huge regional gaps existing in the country.

This undertaking has been initiated by my predecessor, Dilson Funaro, who together with Joao Sayad and Fernando Bracher, made a great effort to consolidate the development of the Brazilian economy and to distribute income more evenly. Dilson Funaro, who is not only my personal friend but a fellow party member, showed competence, courage, and a spirit of public service on more than one occasion. He defended the nation's interests above any other consideration. Thank you very much, Dilson, for the work you have done.

Ladies and Gentlemen: For the task I begin today, I will need the cooperation of all Brazilians. We have great problems ahead, but we have no reason for pessimism. We are going to work together, we are going to let the people know about the results of our work. If we have to say no, we will say no in order to defend the national treasury and keep it financially healthy. We will maintain a frank and sincere dialogue with all society. We will always listen and satisfy its demands whenever possible. When it is not possible, we will explain why.

We are a great industrial and democratic nation. We are going through a process to approve a new constitution in order to consolidate our democratic institutions. Brazil is a dynamic and modern country. The capacity of is economy for recovery is immense. The Brazilian people's capacity for hard work is also immense. With support not only from the PMDB and the PFL which form the Democratic Alliance but from all other parties, and with the firm leadership of President Jose Sarney, we will have the strength to face our current problems. The nation must unite behind the banner of development, social justice, and democracy. All my efforts will be directed to that goal. Thank you very much.

DEFENSE MINISTRY REINFORCES COLOMBIAN BORDER

PA022202 Paris AFP in Spanish 2040 GMT 1 May 87

[Text] San Fernando, Venezuela, 1 May (AFP) -- The Venezuelan Defense Ministry today called to active duty in this city, located 825 km south of Caracas, the 10th Brigade of Mechanized Cavalry, to reinforce the entire southern border with Colombia. The brigade is made up of a general staff and several companies, including two combat engineers and a communications unit, and has two batteries of heavy mortars, three groups of mounted units, and a logistics and security battalion.

Army Commanding General Eliodoro Guerrero Gomez revealed that this brigade will be responsible for guarding the southern frontier, and added that within the next few days two other infantry brigades will be called to active duty in the southern states of Merida and Barinas, 880 km from Caracas.

CONSALVI DISCUSSES JORGE BLANCO ASYLUM REQUEST

PA051822 Caracas Television Service in Spanish 0000 GMT 5 May 87

[Text] The Venezuelan Foreign Ministry has sent a commission to the Dominican Republic to obtain more information on former Dominican President Salvador Jorge Blanco's request for political asylum. The commission is headed by Omar Zurita, a legal consultant at the Foreign Ministry.

Foreign Minister Simon Alberto Consalvi met today with President Lusinchi to report to him on the situation at our embassy in the Dominican Republic, where former President Jorge Blanco has requested asylum. After meeting with President Lusinchi, the foreign minister spoke to newsmen. He told them it is, in fact, a very complicated and difficult case because it involves a former president of a country with which Venezuela enjoys friendly relations.

[Begin Consalvi recording] The government, as I have already said, is carefully studying this case without any haste whatsoever; it is studying the various legal and political implications of the situation in the Dominican Republic. I believe it will take us a few days to reach a conclusion. [end recording]

The foreign minister also said today that cases such as these take time; therefore, he could not say how many days it would take to reach a decision on whether the former Dominican president will be granted asylum.

BRIEFS

COCAINE SEIZURE — The PTJ's [Judicial Technical Police] Drug Investigations Division seized 10 kg of cocaine and 4 kg of bazuco at the Sabana Grande Hotel on Saturday morning. In addition, four Venezuelans allegedly involved in the crime were arrested: 25-year-old Alberto Castro Martinez, 19-year-old Timo Leon Valero Hernandez, 29-year-old Jose Rafael Rincon, and 25-year-old Elio Moises Bermudez Bermudez. They were buying drugs in Cucuta, Colombia, to sell in Caracas. [Summary] [Caracas Television Service in Spanish 0000 GMT 28 Apr 87 PA]

DE LA MADRID INTERVIEWED ON DOMESTIC, FOREIGN AFFAIRS

PM011006 Paris LE FIGARO in French 14 Apr 87 p 2

[Interview with President Miguel de la Madrid by Jacques Jacquet-Francillon in Mexico -- date not given]

[Text] [Jacquet-Francillon] Sir, my last visit to your country was in December 1983. You were then completing the first year of your mandate. Your record was very positive, especially the results obtained in reducing inflation. At that time other countries described Mexico as "top of the class of developing nations."

Two years later your country was hit by the terrible earthquake of September 1985, and then by the sudden fall in oil prices. What effect did these two unexpected events have? What now remains of the objectives you set when you were elected president?

[De la Madrid] Our original plans had to be adapted to deal with the new problems. Our development strategy consisted of making short-term adjustments to improve the economy and, at the same time, introducing a number of structural changes.

It is true that 1983 was a year of great progress in making economic readjustments. Inflation, which reached almost 150 percent during the first few months of 1983 fell to 80 percent at the end of the year. In 1984 we were also able to reduce inflation to a little less than 60 percent.

In 1985 problems began to emerge, some due to external factors -- the fall in the price of raw materials we export -- others due to internal structural resistances. These different factors have prevented us from reducing inflation, which has increased to 73 percent.

But really, as you said, it was at the end of 1985, as a result of the earthquake and also in early 1986 with the breathtaking drop in oil prices that the worst year in our contemporary economic history began.

We lost 8.5 billion dollars in revenue from oil exports in a single year: the equivalent of 6 percent of our production and 25 percent of state revenue.

[Jacquet-Francillon] What did you do to halt the decline?

[De la Madrid] In 1986, we were forced to adopt very strict measures to cushion the impact by pursuing a policy of balancing public spending and increasing prices and charges in state-owned sectors: oil, electricity, railroads, airline, and so forth.

We also implemented a realistic exchange control policy: We constantly adjusted the rate of exchange to correspond to the internal inflation situation and to the state of our balance of payments. We also increased interest rates to keep savings within our financial system.

[Jacquet-Francillon] How did you manage to restore the international confidence necessary to ensure rescheduling of the foreign debt and the fresh capital which your country needs to continue its recovery?

[De la Madrid] In 1986 we continued to open our economy to outside markets. We successfully completed negotiations with a view to joining GATT and we adopted important measures to substantially reduce the need to obtain prior permission to import.

We also continued with another crucial reform: the restructuring of the Mexican public sector as regards both its scale and the spheres it covers.

At the end of 1982 there were 1,155 state-controlled enterprises. We made decisions to liquidate them, merge them, or sell them. We have succeeded in reducing this figure from 1,155 to 500 in the course of this administration.

We are keeping control and ownership of what we regard as the strategic sectors of the economy: oil, electricity, nuclear energy, railroads, and, traditionally, the mail and telegraph services. The state still has major investments in priority spheres: fertilizers, steel, and so forth, but we are reviewing all our public enterprises in order to improve their finances and increase their productivity.

[Jacquet-Francillon] With regard to the reduction of the public sector, what limits do you set on the possibility of foreign capital taking control of these privatized enterprises?

[De la Madrid] In the majority of cases it is Mexican enterprises which have bought the public enterprises sold to the private sector. Although some of them have some foreign capital, privatization has generally benefited Mexican companies.

[Jacquet-Francillon] To what extent has this policy already produced results?

[De la Madrid] The year 1986 was a negative one for Mexico. But, if we compare the results with the risks calculated at the beginning of the year, I think we took appropriate economic action.

In early 1986, we expected 200 percent inflation. It was only 105 percent. We forecast a 10-percent drop in economic activity. It was only 4 percent.

We had the good fortune of a very considerable increase in tourism. Exports increased almost 40 percent, and, during the second half of the year, we observed clear results in the repatriation of capital. For instance, at the end of 1986, we had currency reserves of more than 7 billion dollars, a substantial increase from the beginning of the same year.

In 1986 we also conducted very complex, and difficult negotiations on restructuring the foreign debt. From February it became essential to renegotiate the repayment timetable andcost of the debt as well as the cost of new additional funds. We reached an agreement with the IMF in September and with the coordinating committee of the Credit Bank [as published] at the end of the same month. But, I repeat, these were difficult, long, and complex negotiations which added to he problems we had in 1986.

[Jacquet-Francillon] What about private foreign credit?

[De la Madrid] Mexico received no net foreign credit during the entire year. After that September agreement, we still had to negotiate with all the private banks which had lent us money. During 1986 we secured a high acceptance percentage of almost 75 percent; but it was only on 21 March 1987 that we signed agreements with the lending banks, thus guaranteeing 99 percent of all the loans.

[Jacquet-Francillon] I know that the austerity policy which you were forced to impose to start the recovery meant great sacrifices for the poorest sections of the population in particular. How far do you think you can go in this sphere without prompting more widespread strikes and protest demonstrations than your country has recently witnessed?

[De la Madrid] I can tell you that the Mexicans' living standard has undoubtedly fallen. Real incomes have been reduced. But the government has introduced a number of compensatory policies in the form of social development programs.

[Jacquet-Francillon] Can you give me some examples?

[De la Madrid] We have reduced the rate of illiteracy from 14.5 percent to 7.5 percent in 4 years. We have provided primary education for all and increased pre-school education from 32 to 58 percent. We have maintained the growth of secondary schools. We have considerably increased the average standard of technical education, and the number of training centers, and have maintained aid to the universities and higher technical education institutes.

In the health sphere, the public services have succeeded in coping with the population increase through coordination and efficiency. In the housing sphere, we have constructed more houses in the past 4 years than in the previous 12 years.

Furthermore, in the framework of wage negotiations, we have observed that the employers have agreed to increase benefits in kind, by distributing food or providing help with transportation costs. The negative impact has been reduced in this way.

Despite everything, I cannot deny that the Mexicans' standard of living has fallen, not only among the working classes, but also among the middle classes.

I think that the Mexican people have shown a great capacity for withstanding adversity and I attribute this to the fact that the government explained the situation frankly and clearly. We spoke constantly with the workers and the employers, and we expanded public dialogue considerably. In Mexico freedom of speech and freedom to express criticism have been fully respected.

[Jacquet-Francillon] As was the case in Paris and Madrid, large numbers of Mexican students recently demonstrated in the streets. Is there not a danger that the student protest movement will now become more political, not just opposing university reforms but demanding political and social reforms?

[De la Madrid] At the beginning of the year, students in Mexico expressed their disagreements with some of the academic reforms proposed by the university authorities.

The principle of university autonomy has existed in this country for several years. The universities are entitled to govern and administer themselves and to fix their own programs. And the Mexican Government has always had great respect for university autonomy.

This conflict took place in the university framework. The government did not intervene. There were public demonstrations in the street, some of them followed by a large crowd. The government merely very cautiously ensured that law and order was maintained. But, I must also admit the students behaved very responsibly.

The university held a very broad debate, which produced conclusions. Some of the reforms were set aside -- but not all -- and it was agreed that a university congress would be held. I know many subjects will be discussed at it. It is difficult to separate the universities from the nation but I am sure the universities will be able to conduct this congress in a responsible way and that this movement will succeed in producing a university reform.

[Jacquet-Francillon] Voices were recently raised within your party -- the PRI -- calling for the political process to take a more liberal line. What are these demands, and to what extent are you prepared to satisfy them?

[De la Madrid] Mexico has lived through permanent political renewal during the past few years. The government has encouraged far-reaching municipal reforms. It has encouraged reforms in the labor system. Relations between the executive and the legislature have been developed. There are more polemics, more criticism, and more negotiations.

My party's strength lies in the fact that it has succeeded in involving the major peasant organizations, the major workers' organizations, and the major organizations representing the urban working class in Mexican political life; this means that the people are involved in the party. The party is giving peasant leaders, workers' leaders, and working class leaders access to elective positions. That is why I am not surprised there are discussions within my party, but I know there is a political negotiation mechanism capable of overcoming them.

[Jacquet-Francillon] In view of the problems presented by population movements across what is one of the longest borders in the world and one of the most open, what is the present state of your relations with the United States?

[De la Madrid] Mexico's relations with the United States have always been difficult. As you have stressed, our border is a typical north-south border: Our cultures are different; our countries have very different levels of economic development and this is the reason for the very complex nature of our bilateral and multilateral relations.

Bordering on the United States offers advantages and disadvantages. Our policy consists of using the advantages and reducing the disadvantages. We are in a constant process of dialogue and negotiation.

In this way, I would say that our bilateral relations are good. We are capable of overcoming our problems, of establishing cooperation mechanism, and of solving conflicts through discussions which are tough and difficult at times.

In the international sphere, we have fairly frequently disagreed with the United States and we have discussed the matter. They do not like us to disagree with them. But we think that maintaining an independent foreign policy is a way of exercising our sovereignty; it is a policy based on principles, but principles which corresond to our interests.

[Jacquet-Francillon] To be more specific, what do you think of the situation in Nicaragua?

[De la Madrid] We have had some major differences of opinion (with Washington) about the Central American crisis. Mexico does not agree with the use of violent methods to try and solve the problem. We think the use of violence may aggravate the conflict in Central America and may also create a hostile atmosphere between the United States and Latin America.

That is why Mexico is in favor of a negotiated solution to the conflict and is participating in the Contadora group which enjoys virtually unanimous support in Latin America, and has the approval of the United Nations, the OAS, and the EEC. In this connection, I have always appreciated France's support for these efforts to promote negotiations.

[Jacquet-Francillon] The joint communique which you signed with Peruvian President Alan Garcia on 25 March refers to "the threat to your nations' independence and sovereignty presented by the Central American crisis aggravated by foreign interests...." What does this mean? What are these interests? Are they U.S. interests? Are they the Soviet Union's interests?

[De la Madrid] U.S. and Soviet participation in the Central American conflict is obvious. We think that these two interventions are negative.

[Jacquet-Fracillon] President Reagan repeatedly states that he could not tolerate Nicaragua becoming a forward Soviet base on the American continent. Do you think that any such threat exists and, if this were to happen, what attitude would your country adopt, especially if there was direct U.S. military intervention?

[De la Madrid] Mexico upholds the principle of the sovereignty of peoples and, consequently, the principle of nonintervention. We therefore condemn any military intervention, be it by the United States or the Soviet Union.

It strikes us that we should be able to find solutions which respect the Nicaraguan people's sovereignty decisions and which, at the same time, make it possible to secure from Nicaragua a pledge not to act as a support for subversive movements in neighboring countries. We also expect all the Central American countries to pledge to freeze their arms race and even reduce arms levels.

'VICENTE GUERRERO' COMMAND CLAIMS ATTACK ON PRI

PA022102 Madrid EFE in Spanish 2040 GMT 2 May 87

[Text] Mexico City, 2 May (EFE) -- The self-styled Mexican Vicente Guerrero Revolutionary Command claimed credit for last night's explosion in front of the headquarters of the ruling Institutional Revolutionary Party (PRI).

The explosion, which did not injure anyone, shattered 22 windows. In addition, the front part of a PRI ambulance was totally destroyed.

At the scene of the explosion the police found flysheets with slogans that read: "For a national socialism. Life or death, Vicente Guerrero Revolutionary Command."

BELIZE

RELEASE ISSUED ON GUATEMALAN BORDER DISPUTE

FL050352 Belize City Domestic Service in English 0100 GMT 5 May 87

[Text] The bipartisan committee on the Guatemalan dispute has issued a release outlining recent developments in connection with the Guatemalan claim to Belize. The release was issued today following a meeting of the bipartisan committee, which received a report from the [word indistinct] delegation at the talks held in Miami.

The release says, and we quote:

Belizian and Guatemalan representatives met in Miami, Florida, on Wednesday, April 29th, 1987, to discuss the Guatemala problem. The meeting took place in a frank and cordial atmosphere.

Even though the positions of the two countries were far apart, they both agreed to continue talks in the future and search for a solution to the problem, setting forward an agenda, which could form the basis for their future discussions.

The Belizean delegation was headed by Foreign Affairs Minister Mr Dean Barrow. It also included the leader of the opposition, Mr Florencio Marin, the ambassdor to the United States, Mr (Edward Lynn), and the permanent secretary to the Ministry of Defense, Mr (William O'Tibbit). The Guatemalan delegation was headed by Foreign Minister Mr Mario Quinones. A British delegation headed by Mr (David Joy) of the Foreign and Commonwealth Office was also present. End of quote.

Major Differences Remain

FL051628 Bridgetown CANA in English 2309 GMT 4 May 87

[Text] Belmopan, Belize, May 4, CANA -- Major differences have remained between Belize and Guatemala following talks they had in Miami last week on their territorial dispute. According to British Government officials, the proposals put forward by the two foreign ministers for settling the dispute were far apart.

Guatemala has a century-old claim to much of Belize and at one stage had threatened to invade the former British colony if Whitehall granted independence prior to a settlement of the dispute.

Last week's discussions were the first direct negotiations between the Central American neighbours, whose government to government relations have been improving despite the sharp differences on the territorial claim.

Before he flew to Miami, Guatemalan Foreign Minister Mario Quinonez said he thought an agreement on the dispute was unlikely to result from the discussions.

Belize's delegation was headed by Foreign Minister Dean Barrow and included opposition People's United Party leader, Florencio Marin.

The two were tight-lipped on the outcome and the government statement was terse, mentioning their cordiality.

Also attending the talks were head of the Mexico and Central American Desk of the British Foreign Office David Joy; Legal Adviser David Anderson; the British High Commissioner to Belize John Crosby; and the British Charge d'Affaires in Guatemala David Handley.

COSTA RICA

PRESIDENT ADDRESSES NATION ON MAY DAY

PA032200 San Jose Radio Reloj in Spanish 2120 GMT 1 May 87

[Speech to the nation by President Oscar Arias at the Legislative Assembly in San Jose -- live]

[Text] I am here to fulfill a constitutional mandate. I have come to this sacred forum of the Costa Rican people to present a progress report on the administration. I am here to talk to you about the political situation of the Republic. I am here to present a progress report on the mandate I received 1 year ago from my people. I am here to propose measures for the nation's benefit.

Democracy grows stronger when there is trust between the government authorities and the people. My life has been a constant endeavor to meet, with humility and determination, the people's aspirations, and now, as head of state, to fulfill their mandate. In this nation, rulers are not elected to use power (?at will. We do not elect them) to scorn our ethical values or to ignore our national traditions. They are not elected to turn their backs on the majority that entrusts them with their votes in free elections.

I am here to talk about successes and failures, about hope and discouragement, about commitments and loyalty in the fulfillment of this mandate that the strength of Costa Rica's democracy gave me. I received a mandate to strengthen peace and [words indistinct], to promote employment, to build housing, to ease the hardships stemming from the cost of living, to chart a Costa Rican path toward a new economy, to distribute economic power and political power, to fight all sorts of wrongdoing, and to uphold our purest traditions. I received a mandate to [words indistinct] the horizons of a young fatherland and to guarantee full equality for women. I received a mandate to consolidate, together with you, the foundations of a prosperous and safe country for many generations; I received a mandate to do for our children what our parents and grandparents did for us.

I accepted the mandate of an active and determined people who, no matter how adverse the circumstances, will not renounce their aspiration to become the first developed country in Latin America.

Viewed from the perspective of the government, problems look so complex at times that one frequently is at a loss to determine which one must be tackled first and where one must concentrate one's efforts. Occasionally, we are distressed to find that we do not have the human or financial resources to confront all challenges that look urgent to us. At other times, prudence tells us that when political support is lacking it is difficult to take action as swiftly as one would like to.

The task ahead is huge. The time has come to resolve old problems and remedy old evils that have been accumulating for decades due to inertia. The time has come to confront, with imagination and courage, the challenge of a new international economy and the gloomy circumstances threatening peace.

During this first year we have worked on many of the fields listed in our platform. I trust that, in due time and with help from all, we will accomplish what this administration set out to do. Some tend to simplify matters in their eagerness to gain political advantages [words indistinct]. This entails the risk that political matters will be handled with a simplicity that would be offensive to Costa Ricans given their political sophistication. The extremist positions -- which enjoy wide coverage in the media with a certain frequency -- do not represent the feelings of the vast majority of Costa Ricans, who continue to be composed, intelligent, and farsighted.

I am pleased because during this first year of administration acceptable relations have been established between the government and the political opposition. I think these relations have been highly beneficial to Costa Rica and to our democracy. However, I think they can and must be better. I reiterate to the opposition leaders that the doors of the presidential offices are permanently open and that they will always be welcome.

However, it is necessary to bring out certain negative attitudes that may pose obstacles to those who, in all political sectors, want our country to progress. Some people want to judge this administration on the basis of things for which we were not elected. I was not elected president to enforce an economic model that would not respect our traditions and be impervious to unemployment and suffering in our homes.

I was not elected to militarize Costa Rica or to impose solutions [words indistinct]; I was not elected to turn a deaf ear to dialogue or to be afraid of the need to reach political agreements for the sake of the country. I was not elected to display weakness before fanatics, regardless of their ideology, or to be afraid in the face of pressure from interest groups.

I was not elected to distrust producers or neglect the legitimate aspirations of workers. I was elected to serve and (?assume the leadership) of which I am reporting to you; it is a clean and democratic leadership. This leadership is based on commitments announced throughout an electoral campaign exemplary in the eyes of the whole world.

In that campaign, I was never afraid of assuming specific responsibilities with the people. This is the only way (?to gauge the honesty of the government). This is the only way to eliminate the demagoguery separating the ruler from those ruled; demagoguery promotes distrust and weakens democracy.

I am saddened to see that a few politicians are trying to justify an opposition that is always destructive. They resort to insults and lies. They are trying to justify this selfish and antipatriotic attitude with the argument that the success of this government would constitute a prelude to a new presidential term for the current ruling party. According to them, that would threaten our democracy.

We cannot accept an attitude that promotes the ruin of Costa Rica under the false pretext of trying to safeguard its democracy. Those who think that the people are obliged to hand them power without having to give anything back are not democrats; those who seek to satisfy ambitions for power without ever having shown any inclination to serve are not democrats.

Those who display this attitude do not know Costa Rica well. We do not fear liberty here; the people will irreversibly remove from the political scene those who disrespect their culture, look down on the Costa Ricans' education, and make fun of their intelligence.

I am convinced that our fatherland will never elect a ruler claiming power not based on fairly earned rights before the voters. In European democracies, the Social Democratic and Christian Democratic Parties have held power for many consecutive periods without threatening democracy. The maturity of Costa Rican democracy is not less than that of European democracies. Here, only the best men and women and the best parties will achieve power.

Those who insist on automatic alternate successions only wish to return to the past when powerful interest groups manipulated the people and practiced the politics of hatred and rancor. Only the people have the right to decide this matter. It is not an accident that those who demand political power with false pretexts are the same ones who are struggling to monopolize economic power and to place obstacles in the way of any effort to democratize the economy.

Because I believe in politics, because I believe that in politics one must always be sincere, clear, and intellectually honest, I am saddened to see how some people -- fortunately very few -- publicly proclaim an ideology of absolute repudiation toward the state's participation in the economy, while in private, they cynically ask public institutions to resolve their particular problems.

The task of solving our problems is everyone's, not just the government's responsibility. That is what an immense majority of Costa Ricans think, those of us who have overcome the phase of irritating state paternalism. Costa Rica today demands -- from the government and the opposition -- constructive men who are loyal to the higher destiny of the fatherland; men who realize that political ambition has no room among us if it is not supported by ability, an unblemished honesty, and a proven desire to serve the people.

I insist that we and all sectors of the country must reach a broad consensus to carry out the tasks to which we are committed. I often have said that I do not have answers for all problems of society and that is why I wish to encourage cooperation in achieving progress.

I would rather convince than defeat; I do not wish to achieve victories leading to division if I fail to unite people. Peace and democracy have made us great. Selfish interests are a threat to the legacy of our elders and obstruct our efforts to construct the future Costa Rica.

Democracy is consolidated with the confrontation of ideas, but nobody is entitled to monopolize power to arbitrarily impose his will. That is why neither a majority nor a minority have a right to act irrationally.

Some of our actions complement efforts initiated by the previous administration. This is why they cannot be attributed only to this government. To a great extent, they should be credited to Mr Luis Alberto Monge and his collaborators. We have continued several of the programs that the country has been implementing for the past few years, because we think they are useful for national development. We realize the need to capitalize on all goods things done by our predecessors for the sake of Costa Rican society.

We have also taken corrective measures when needed.

First, I wish to talk about the task I have been given to strengthen peace and keep us away from armed conflicts taking place in Central America.

During my political campaign, I said that peace would be my main concern. I also said that without stable peace, we cannot return to the path of economic growth. I have worked incessantly and unselfishly to achieve peace. Costa Rica today is farther away from war, and peace has been further consolidated and is more respected for its own sake among world nations.

When I assumed the presidency of the Republic, I talked about an alliance for liberty and democracy in the Americas. I referred to liberty and democracy as the only guarantees to prevent armed clashes among the peoples and to ensure respect for human rights.

At that time, I also expressed satisfaction over the return to democracy of so many sister nations, and I reaffirmed our support for the new free governments of America. Several dictatorships remain in the Americas. We have seen how in some of the new democracies the military again has threatened liberty. The return to democracy has not received the needed support from the world to consolidate itself. Should the Western world insist on maintaining this suicidal behavior, it will undoubtedly share responsibility for terrible tragedies for democracy and human rights in Latin America's immediate future.

Today I am more than ever convinced that the struggle for peace is a cause that only free men can legitimately defend. I am convinced that economic progress with social justice is a cause that only those who enjoy democracy can legitimately defend. We will never relinquish the most sacred banners of free men, the most dear banners of spiritual values of the Western civilization.

If we could not bear the banner of justice and peace in today's world, we would be renouncing our Christian legacy. These banners are demanded by Costa Rica for its foreign policy. It cannot be any other way.

A day after the final elections, in giving thanks in our cathedral, I told the pastor and Costa Rica that my first commitment was to ensure that all government actions are guided by the spiritual principles of Christian civilization. I also said that our commitment to defending and strengthening peace was inscribed in the step leading us to the temple's altar. I promised to keep Costa Rica away from Central American conflicts and to fight incessantly to ensure that no more brothers are killed without thinking about God.

The people know that I have fulfilled these sacred commitments day by day. The government has declared its strict neutrality in the military domain. There are no armed groups to threaten or harass our neighbors. This administration has not tolerated the operation here of organizations that could cast doubt on our respect for international law.

Despite this, in an unjustified and cunning manner, the Managua regime filed a suit against Costa Rica at the International Court of Justice in The Hague. We replied without delay. We accepted the jurisdiction of the court and established a team of prominent attorneys -- under the leadership of the Foreign Ministry -- to defend the country. We will prove the falseness of the charges against us; we will prove that far from being guilty, we are the victims of a regime that has betrayed its own people.

When we propose a peace plan, we are presenting a political proposal based on the values that we Costa Ricans believe in most. A peaceful people cannot advocate war; a people believing in dialogue cannot advocate intolerance; an intelligent people cannot accept fanaticism; a people seeking love is not fertile ground for hatred.

Costa Rica cannot propose a peace based on arms, a peace based on victory or defeat, a peace based on destruction and death. Our proposal can only be based on what we believe. We believe in dialogue, in a political commitment, in the ability of man to reform, in liberty, and in the international principles that seek to guarantee mutual respect among the peoples.

We want to find peace based on a liberty and democracy shared by all peoples of the American Continent. Costa Rica will never advocate an armed solution; it will not falter in the face of violence. Not even if blindness and dogmatism, if arrogance and fear of liberty lead great and small peoples to turn a deaf ear to the call of love, to be blind to the paths of peace, not even if they lead them to reject opportunities for reconciliation would Costa Rica advocate military solutions.

Those who within and outside the country are hoping that the failure of a new peace initiative will turn us into allies of war actions should realize right now that it will never happen; they should know that we again will renew our faith in dialogue and our conviction in political solutions. We are a peaceful people and will face threats of violence and war only with the tools of peace, because those are our tools. They are the tools we love; they are the ones that belong to a people proud of their liberty and democracy.

We symbolize love along with other values we appreciate so dearly by declaring 1 December the day of the abolishment of the Army. On that day, we not only pay homage to our dear Jose Figueres, but also reaffirm that we Costa Ricans do not believe in weapons as a means to resolving conflicts between men.

We want our children to walk with a book under their arms forever; we hope that they will never have to bear rifles on their shoulders.

To implement our foreign policy, during this first year of government I have met with 14 Latin American presidents. In the Guatemalan city of Esquipulas, I attended a meeting of Latin American presidents. I visited the United Nations and Washington. I convened a meeting in San Jose where we presented our peace proposal to the world.

With these intense actions, I have done nothing more than express to the various leaders and peoples of the world what Costa Rica believes and what it wants to achieve: peace, a return to development, and a chance to successfully beat poverty.

We have received unprecedented outside support for our foreign policy. The strength of our values has brought us friends and has strengthened loyalties on all continents. In a few weeks the whole world will be alert for the outcome of our suggestion for peace. We still have huge obstacles to overcome. I have no reason to remain silent as there are those who are working to make the peace meeting fail. Despite this, we are not giving up. Our faith is unbeatable. Freedom and democracy shall prevail. Peace shall prevail. My confidence is based on our work for causes that have never been defeated in the history of mankind.

The day-by-day confidence, again confronted by such a huge task, is based on a fatherland that is held together by its most (?civic) values. This is not a government's foreign policy; it is Costa Rica's foreign policy, thanks to all the country's former presidents, who with great generosity have backed our peace efforts. I thank political parties who without thinking twice have helped us by answering the call for peace. I am grateful for this support for Costa Rica. It is my honor to be the people's servant whose job it is to interpret what was history yesterday and what will forever be history in the future, what Costa Rica thinks when man's liberty is the topic, when the topic is organizing a democracy, and when the topic is repudiating violence and war.

We want the future of the Costa Rican economy to be increasingly in the hands of the private sector. We are working toward that goal. This does not mean strengthening the position of those who have much; rather, it means creating the proper conditions so that many may have something. For the new economy we will redefine the role of the state, acting on the principle of the Costa Ricans' inalienable right to work, education, health, housing, and a more direct participation in economic and political decisions. I have always said: All of us together will decide the future.

The economic history of the most successful countries and our own economic history show us that the alternative does not lie between liberalism and interventionism. The important thing is to identify those fields in which one can compete advantageously in the world markets in order to enhance the production of articles destined for those markets. In order to reach this goal, government and business support is necessary. It is necessary to use research to develop modern technologies. There are no permanent priorities in today's changing world.

Costa Rica is an example of how cooperation resolves the antagonism between capital and work, antagonism which in other societies has been deadly. Solidarity was born here and it continues to develop at a fast pace. I always have talked about a Costa Rican road as regards the economy. These are supports for our manner of producing. These are demands of the economic democracy that will help us build an indestructible political democracy.

If a healthy desire to earn propels the economy, the earnings must not be monopolized by a few, and much less in a society like ours, with such high levels of education. This managerial spirit is the most important dynamic force for the economy, and we feel the majority of Costa Ricans will demonstrate this.

To develop we need to have thousands and thousands of new owners in the economic process. The country knows that the principal task of the Development Corporation, Inc., CODESA, is to transfer state companies to private hands.

As in the case of the Tempisque Sugar Mill, Inc., the largest industrial business in the country -- as it transferred its stock to a cooperative organization -- we have wanted to point out two things at the same time: first, CODESA businesses are to be turned over to the private sector; and second, more Costa Ricans will be owners.

On the road toward the new economy we shall continue working so that economic success reaches everyone -- businessmen and workers. Whenever it is possible, we shall promote business schemes where part of the workers' income is linked to the economic results of the businesses they work for.

Faced with the export challenge, some would look favorably to the workers' poverty for reaching competitive prices. Our answer is to overcome the challenge with greater productivity, which we base on the behavior of our businessmen and workers.

During 1986 our economic productivity grew. We should continue this path -- we are going to continue. Costa Rica has reached some of the highest production levels in the world for some agricultural products. Likewise, when industrial development facilities were created, businessmen responded with enthusiasm to the new opportunities, and they were successful. In recent years, when the Central American market faced a crisis, Costa Rican businessmen managed to sell in other markets, with great ability, 72 percent of exported industrial production. Before that crisis, only 28 percent was sold to third markets. How can we not trust Costa Rican businessmen?

We need an efficient government with clearly defined responsibilities and with a growth limited to our financial capabilities. Necessary adjustments will be made starting from the principle of maintaining democracy and peace. For this we shall try and offer productive options for workers who leave government duty. We intend to create new businessmen with credit and tax incentives so that as owners they will give the service they previously gave as workers.

We have put into practice an economic policy that has renewed the confidence of local and foreign investors in our development. Salary policies proposed to government labor unions and accepted by them are a tangible example of the role dialogue plays in my government. We agreed, together with these organizations, to grant salary increases that would allow compensation for furture inflation at 7 percentage points higher than when the previous salary increase was granted. This will permit all Costa Ricans to maintain a viable income.

Our agricultural policy [words indistinct] permanent dialogue. It does not seek to displace the farmer by importing what he is today producing; it instead is helping him to be more efficient every day. While the borders of the greatest consumer countries remain closed for the products that we are able to compete with, and until we create daily opportunities for our producers, we shall not cease to back them and fight to create the necessary conditions so they become more efficient. Difficulties suffered by the country's agriculture during the hardest crisis years have prevented many producers from benefiting from banking credit, as they have been unable to adequately attend to their debts. We hope that they will be able to [words indistinct] their productive activity with the [words indistinct] of debts that the national banking system will carry out, following the law of agricultural production incentive, CODEA, which was recently approved by the legislative body.

In recent years the Costa Rican industrial sector underwent important changes, following an intelligent policy of government promotion combined with initiative and capacity for action of our businessmen in the assembly and free zone areas, benefiting export contracts. The industrial sector successfully has diversified it production and markets.

We shall continue these policies and reduce the difference between local and foreign prices, adjusting protection levels so that local consumers have access to industrial products at lower prices. The adjustments will be gradual. We shall announce them ahead of time, and we do not mean to create a threat to our industries or unemployment for our workers. Parallel to this, we should seek technological development that will allow the country to use the most modern production methods. The participation of the state is fundamental in this effort to develop and adapt new technologies.

The risk, the uncertainty, and the time involved in the technological challenge warn us to heed the experience of the most successful economic systems. The effort for greater production requires that more resources be invested at interest rates in accordance with our economy's liquidity. We have tried to lower these rates since the beginning of this government. To continue to attract savers and producers properly, we must make the state banking system more efficient and control the private financial system more closely. It is urgent to reorganize the capital market so that more and more Costa Ricans can directly share in the ownership of national enterprises. We have sent several bills to this assembly. If approved, these bills will enable us to attain such objectives.

During talks with international financial organizations and friendly countries, we sometimes have not progressed as fast as we wanted to. Some of these negotiations have been arduous and slow. With patience, however, the preferences that the Costa Rican people have clearly shown in the exercise of their democratic rights have been understood and accepted. In this way, we have succeeded in getting consideration for our intention to maintain and strengthen the state banking system, to not spare public resources to build homes which our society needs, to maintain a small-property system and strengthen cooperative, joint, and individual properties, to carefully and gradually accept tariffs to protect national industry, and to not impoverish Costa Rica to service the foreign debt. We are sure that from now on dialogue will be based on these principles and the negotiations will be expedited because the will of the majority of our people will be given due consideration. We have presented a fair proposal to service our foreign debt. I trust it will be accepted. We have presented a program of structural changes to the World Bank consistent with the Costa Rican people's search for development. I also hope that it will be approved soon. We have presented a proposal of adjustments to the IMF in accordance with the austerity with which we will handle our economy. We are striving to have it approved soon.

Today, Costa Rica can compete satisfactorily in the world market with a large number of industrial products. We must try to make selective and gradual adjustments in our mechanisms to foster exports so that new activities can make our economy more dynamic. In 1986, national production grew by 4.2 percent. Per capita income has continued to recover. National and foreign entrepreneurs who participate in the national effort with optimism invested 12 percent more than in 1985.

This has enabled more and more Costa Ricans to get out from the indignity of unemployment to participate actively in this effort. Between June 1985 and June 1986, more than 30,000 new jobs were created. With this, the unemployment rate was lowered to 6 percent, the lowest on the entire American continent. We have also lowered unemployment in the public sector.

The success in production also led to a 46 percent decrease in the country's commercial balance deficit. This deficit was $97 million in 1986.

It was $181 million in 1985. Nontraditional agricultural and livestock exports increased by 15 percent between 1985 and 1986. Industrial products exports to countries outside the Central American Common Market increased by 30 percent. Our foreign debt was lowered by $61 million during 1986. This is the first time that this has happened in the past 17 years.

These achievements, however, already are counterbalanced by events outside our control. Coffee export revenues will decrease substantially in 1987, while the value of imports will rise as the result of the oil price hike. We also are concerned because the inflation rate rose slightly during 1986 in relation with 1985. In view of these difficulties and because of the pressing need to maintain the stability of the economy, the government has proposed new taxes and adjusted the exchange and credit policy. In addition, we have continued our efforts to lower public expenditures and to make them more and more productive. This effort is evident in proposals presented at the Atlantic Coast's Port Administration and Economic Development Board, the Costa Rican Tourism Institute, and national customs, as well as in several bills presented at this assembly to update our financial system and reorganize some ministries.

Our trust in the Costa Rican people's ability to end poverty and underdevelopment is unyielding. We have started a development program of our own based on our ability and experiences. Just as we succeeded yesterday, we will succeed tomorrow. Costa Rica has again felt confident; again the country has looked forward to the future optimistically. The obstacles we will have to overcome will only increase our enjoyment of the prosperity we will create together.

In an effort to get closer to equal opportunities for all Costa Ricans, our social policy includes the following fields: housing, creation of jobs, economic democratization, strengthening of cooperatives, joint ventures and individual enterprises, geographical distribution of political and economic powers, more opportunities for women in the political, economic, and social fields, attention to the destitute, and a permanent struggle against drug trafficking.

The country's housing deficit has reached high levels. We are more than 130,000 homes short of our needs. We must give the same importance to housing that education and health were given. The resolution of the housing deficit has become a national effort. The hearts of all Costa Ricans have been touched. Society has been infused with great hope.

A great desire has been aroused in the people to work together to reach the goals we have set for ourselves in this field. To build 80,000 homes in 4 years means an unprecedented national effort. This effort is to be made not only by state agencies, but is a responsibility shared by the public sector and the private enterprises as well. For this reason, the government particularly has stressed the creation of the proper conditions so that private entrepreneurs can contribute decisively toward the solution of the housing shortage. At the end of this first year of government, we are prepared to advance firmly toward more and more ambitious goals. Foundations have been laid to successfully initiate the struggle to solve the housing problem from now to the year 2000. The Housing Mortgage Bank has been created. The sector's institutions have been adjusted as necessary and there is throughout the country a new spirit of work, which promises impressive results.

As for finance, more than 6 billion colones were received and allocated for housing projects from May 1986 to 15 April 1987.

By the end of 1987, we plan to get more than 7 billion colones for this endeavor, which would be a record figure in this field. I want to emphasize the praiseworthy cooperation we have received from friendly countries, fully identified with our yearnings to improve the standard of living of the people. Most remarkable is the contribution of the Agency for International Development, which has helped us improve existing programs, create new ones, and perfect the recovery and liquidity terms with which we work.

We also must stress particularly the support of the Canadian Government, which has given money to our country to take care of the housing needs of an increasing number of families in rural areas. Sweden and Denmark have offered us invaluable technical support in this field.

I want to mention the contribution of the legislative branch to the solution of the housing problem. The promulgation of the Housing Bank law has been instrumental in the immediate initiation of the greatest financial innovation related to the construction of homes. In the construction field, with the Housing Bank's efforts and despite the limitations caused by troublesome administrative and financial mechanisms, we succeeded in vigorously fostering programs aimed at solving the most pressing housing problems of poor families. Fifteen thousand families have been their land problems solved. Soon they will be able to get loans from the Housing Bank to build their homes. Thanks to state agencies and financial organizations in general and to efforts of the private enterprise, 20,758 housing cases had been solved by 15 April 1987. The construction of 80,000 homes in 4 years is no longer a political campaign promise. It is a national goal which all of us will reach jointly.

Ensuring the people's personal and property security has been a priority task in this first year of government. We have taken measures that range from the improvement of the equipment to the selection of the ablest and most honest personnel, both in the Civil and Rural Police. We have changed vehicles, as the result of which the police now have the necessary equipment for their important duties.

Through well coordinated and permanent operations, drug trafficking has been speedily combatted. Numerous attacks on the people's morals and various crimes have been prevented. Our police organizations have acted strictly to maintain the country's neutrality in relation to the armed conflicts in other nations. This has meant that we have had to assign more than 1,500 policemen to security activities. It is necessary to point out honestly, however, that the security of the people and personal property has suffered. An increasing wave of violence threatens to disrupt social order at present if all of us do not act in time to prevent it. In this first year of activities, we have relentlessly combatted every act of corruption that has been discovered or responsibly reported. This struggle has been waged in a strictly legal way. As I have said so many times before, the government will not fall into the trap laid by those who try to (?profit) from this national drive and use it for their personal gain, which is very different from Costa Rica's interests.

Following the government's general policy, we have made deep structural changes in the health field to attain greater efficiency. A decentralization process and the corresponding delegation of authority have been initiated so that responsible local and regional officials can make direct decisions. We aim for a greater decentralization of the health services and for the patient's free choice of his doctor.

The Ministry of Education's main concern has been to improve the quality of teaching. The ministry's actions are based on two basic principles: a return to essentials and to the classrooms. We aim for increasing the molding of citizens in schools. In addition, we plan to make the classroom become the fundamental pillar of our educational system.

Also, plans have been drafted to increasingly introduce computer technology in Costa Rican schools in an organized way. At present, several experimental computation centers are operating and they cater to several thousand students. These students thus initiate an activity that will expand more and more and to which the government attaches fundamental importance, because it is one of the most suitable factors in the modernization of the educational system.

In the field of culture, the government's actions have been aimed mostly at recovering the feeling of national identity and strengthening the values that have determined our character, democratic culture, and pacifist vocation.

We have initiated work in the Parque de la Paz, which will provide opportunities for sports and recreation to more than 300,000 people of San Jose's southern suburbs. This work is devoted to perpetuate, before the world, our attachment to one of the most beautiful national traditions, that is to say, love for humanity. Because of its very nature and relations with the judicial branch, the Ministry of Justice is marked by absolute respect for human rights. During this first year of my government, the Ministry of Justice's most important actions have dealt with the humanization and liberalization of the prison system, the creation of a program for the prevention of crime, and close cooperation with the presidency of the Republic in the struggle against corruption and drug trafficking.

The deputies have the bill regarding (?drug trafficking), unauthorized drugs, and other illegal activities.

The bill proposes the creation of a national drug council, an increase in fines for drug-related offenses, and a ban on addictive substances. The approval of this bill is urgent, Messrs Deputies.

The transformation of the Ministry of Industry, Energy, and Mines and of the Natural Resources Ministry [as heard] has been one of the objectives of this administration. We want all Costa Ricans to be aware of the serious situation of our natural resources and about the conditions in which will be passed onto future generations.

Two other projects have had special importance during this first year: the legislative approval of the Miravalles geothermic project and the preparation of the national energy plan recently submitted to the country.

The Ministry of Public Works and Transport has done a very outstanding job this year. I must mention maintenance projects, road repairs, and the conclusion of work under construction. I must point out the considerable number of roads that have been built and that are important for the transformation efforts of our national economy. The San Jose-Guapiles Road that was inaugurated last 18 March is a happy ending to efforts that began during the times of Mr Braulio Carrizo. This road has joined the northeast area of the central valley to the rest of the country. For those who patiently await the conclusion of this work, the inauguration was the fulfillment of a century-old dream.

Messrs Deputies, I am fulfilling my duty that was imposed on me by Article 195 of the Constitution by submitting to this assembly the proposed reforms to Articles 14 and 15 of the Constitution regarding the requirements that must be fulfilled by foreigners to obtain Costa Rican citizenship. This proposal for reform is an appropriate measure to guarantee that those who opt for Costa Rican nationality are people of good conduct, morals, consonant with the values of our fatherland, and who will not become a threat to our national identity or to our democracy and peace.

I respectfully request the National Assembly to approve the bill in keeping with the wording in the report approved by this parliament on 1 September 1986.

One of the principal actions of the government is to expand democracy so that Costa Ricans may increasingly participate in the political, social, and economic processes of the country. We intend to give organized communities the power to decide on their own matters. We have decided to strengthen local governments economically so they may recover the political power they once had. The proposed reforms to Article 160 of the Constitution includes this. [passage indistinct] It will once again be submitted to this National Assembly. This is a matter of priority and of vital importance for the government's modernization, Messrs Deputies. We hope you can carry this out in the same way in which you guided the country's efforts to find solutions to the housing problem.

When I was a deputy in the Legislative Assembly, I presented a bill intended to shorten the period in which electoral campaigns could be held, to decrease political debts, and to allocate a portion of the debt for the formation of political leaders.

Likewise, there is the reform to Article 170 of the Constitution. I believe that the modifications of electoral regulations -- as these have been set forth -- will be a very important step in strengthening our democracy. I urge the deputies to approve all this legislation.

The Costa Ricans are the best witnesses to the fact that in this first year in office we have worked honestly and with complete dedication to fulfill our responsibilities. They are witnesses to the fact that we have not strayed for an instant from the mandate we received from the people. From beginning construction of the Peace Park to protecting employees; from using computers in schools to struggling against corruption; from distributing political power to defending our peace in the world; from building homes to creating a new economy -- in everything we have done our effort has been loyal to the people's will. We have not had the same success in all tasks. In some cases we did not achieve everything that we set out to achieve. However, politics is the art of the possible and not of the desirable. I hope that the constitutional reforms and the important legislation that have not yet been approved will be approved very soon.

Exactly 6 years ago I pronounced my last words as a deputy from that seat. I said then: Here I learned to wait; here I learned the deep wisdom, of which patience is a hidden virtue; I learned that parliament is comprised of dialogue, transaction, and a constant search for consensus, and that to reach a consensus it is indispensable to know how to give in and never to believe that one is the sole possessor of truth. In the constant struggle for consensus, a world without horizons opened up to me. It requires listening: listening to the voters, to the fellow party member, to the adversary, to people everywhere. I also learned here that when one struggles for causes that have the support of the majority of the people because they are essential to the strengthening of our democracy and human coexistence, waiting does not imply the renuniciation or crippling of our principles, and defeat is nonexistent.

Messrs Deputies: The Costa Ricans -- men, women, youths, and the elderly -- recognize that we have placed the best of our intentions, intelligence, and dedication at the service of making our country greater and increasing the well-being of all our fellow citizens. I reiterate that my (?greatest loyalty) is to the people; my greatest faithfulness is to national history, my greatest commitment is to the future. Humility, perseverance, and honesty will continue to guide all our government actions. Our fate -- yours as members of the assembly and mine as president of the Republic -- has been to live amid a crisis that we did not start and on an isthmus that we did not make.

However, life's demands rarely allow us to choose, and although no generation ever before faced so great a challenge, no generation was ever as willing as ours to assume responsibility for the duty and glory of freedom and peace. No one in politics is closer to the anguish, sorrow, joys, and hopes of a people than you, Messrs Deputies. Here disagreement is sacred; the political differences of a free country are reflected and reinforced. Here, the will of the majority grows, enriched by criticism. Here, and only here, can the country unite to defend peace, defeat poverty, and distribute political and economic power among all citizens.

I remember how, when I held one of those seats, we would share the sentiment of the country's people every day. Every day we would seek agreement, many times beginning from differences that seemed irreconcilable. In the assembly, one learns that the first mandate of people is work -- to always work for the effective equality of opportunities for all. I want to ask you to help me, so that I will never stray from the people's sentiment. I want to ask you to ensure that we may never stray from the political conduct that reflects the courage to agree and the valor to disagree.

To my most loyal follower and my most recalcitrant adversary I say that we are united by political work and our love for Costa Rica.

Thank you. [applause]

EL SALVADOR

POLICE REPORT DISCOVERY OF FMLN MAY 'ACTION PLAN'

PA041942 San Salvador DIARIO LATINO in Spanish 1 May 87 p 9

[Text] Treasury Police Chief General Rinaldo Golcher has reported to the media on an FMLN action plan for May that will start today, taking advantage of the demonstrations to commemorate International Labor Day.

According to Golcher, the plan is laid out in a document found on 27 April during a search of a house in Texistepeque. The document discussed the active participation of "Metal" -- code name for the UNTS [National Union of Salvandoran Workers], according to Golcher -- "LIA" (displaced people), the committees of mothers, and Mariona prisoners. The plan includes disruption of demonstrations, takeovers of churches -- called "Hotels" -- and embassies, an uprising at the Mariona prison, and other actions to provoke the Army, and even to cause a death. If someone is killed today, the body will reportedly lie in state near the U.S. Embassy, Golcher reported.

Golcher said that the plan includes instructions for specific terrorists with the pseudonyms "Paty," "Jacinto," "Tavo," and "Carlos."

According to the document, the acts of violence include actions in San Miguel, Usulutan, Santa Ana, and San Salvador.

UNTS, STUDENT MAY DAY PROTESTS LESS THAN EXPECTED

PA041955 San Salvador Canal Doce Television in Spanish 0300 GMT 2 May 87

[Excerpts] The disturbances that were expected for May Day did not materialize. University students marched along the city's streets, but no major incidents were reported, except for a few minor ones outside the U.S. Embassy.

[Begin recording] [Reporter Mauricio Tunes] [Slogans shouted in background] University students were shouting those slogans. It was stated that they were going to create disturbances outside the U.S. Embassy. However, this did not happen. Early in the morning, security forces were assigned to protect the embassy from possible provocations; however, the demonstrators took another route from the university to Los Heroes Boulevard, and bypassed the embassy. [Words indistinct] some university students held a very unique demonstration against U.S. foreign policies. [slogans shouted in background]

The demonstration organized by UNTS [National Unity of Salvadoran Workers] began very early in the morning from different points of the capital. The university students' demonstration marched on [word indistinct] North Street. Afterwards, they joined the workers of the Revolutionary Trade Union, who had begun to gather at Cuscatlan Park at 0700. During the march, the demonstrators pasted posters, defaced walls, and blocked traffic on the capital's main road. They also chanted antigovernment slogans, including demands for President Duarte's resignation and the installation of a government of broad popular consensus. [slogans and chants shouted in background]

As the demonstrators were marching toward (?Libertad) Park, a helicopter flew over San Salvador's streets. When the demonstrators arrived at their destination from different points of the city, a UNTS leader made a political assessment of the situation in El Salvador. He spoke in detail about what the government of broad popular participation would be like.

[Unidentified UNTS leader] The new government comprised of broad sectors of our people must generate new jobs, help small- and medium-size enterprises with each and [word indistinct] credit. The new government must repeal economic measures that are smothering us. It must give a nationwide equitable wage increase. It must establish effective price controls on staple products. [passage omitted]

[Tunes] The UNTS demonstration ended with the speeches scheduled for today. Thousands were mobilized in the capital. Others felt that the number of demonstrators did not exceed expectations. However, this was the only activity held to commemorate 1 May. [end recording]

NICARAGUA

FURTHER REPORTAGE ON 77TH IPU CONFERENCE

PA301250 Managua Radio Sandino in Spanish 1200 GMT 29 Apr 87

[Text] Yesterday, a Popular Social Christian Party [PPSC] leader criticized the political parties which met with Social Christian legislators from Europe and Latin America.

Yesterday afternoon, some 40 parliamentarians met with representatives from 6 Nicaraguan parties with whom they discussed the national situation. The tenor of the remarks by representatives from the Conservative Party, the Social Democratic Party [PSD], the Social Christian Party [PSC], and the Independent Liberal Party [PLI], was to demand the support of those attending the [IPU] conference for the proposal made by the U.S. Administration on the Central American conflict.

PLI Representative Guillermo Selva said that with the war the FSLN is trying to conceal a political failure. The PSD complained that it has not been admitted into the Socialist International.

PSC representative Eric Ramirez demanded once again the support for his party's positions. Mario Rapaccioli, taking up what he called his crystal ball, predicted that the 1988 municipal elections will not be free. In contrast, Mauricio Diaz Avila harshly criticized the parties, which, according to him, came to present complaints about the situation in Nicaragua. The Popular Social Christian leader said very angrily that the solution should be found among Nicaraguans. At the same time, he condemned the U.S. aggression against our country.

Delegate Protests Domestic Talks

PA301533 Managua Radio Sandino in Spanish 1200 GMT 29 Apr 87

[Text] Yesterday Rafael Solis, a member of the Nicaraguan delegation to the IPU conference, protested the statements of several European and Latin American delegates regarding Nicaraguan domestic affairs.

[Begin Solis recording] We believe it is important that our position be recorded regarding the statements of some European and Latin American delegates on matters that are the exclusive concern of Nicaraguans. For the proper development of the conference, we should stick to the topics on the agenda and try to maintain the correct composure. We are not interested in bringing up the domestic affairs of other Central American countries or even of Europe or any other nation. Instead, we seek a resolution that will obtain the greatest possible consensus and support from all the countries. That is why we have not even presented a draft resolution. We are not going to bring up issues that might cause disagreement among the participating delegations. This is the reason for our protest and, independent of the viewpoint of each delegation about what it must state, Nicaragua wants to express its position on this matter.

Regarding the draft resolutions, we must state, just as we did yesterday in the Latin American group, that we support the draft resolutions of Panama, Venezuela, and Spain. We think these three drafts are very good. A point that had no bearing on Central America has already been withdrawn so the commission's work will be easier, bearing in mind the three drafts that have been presented and the aspects that deal directly with Central America.

We support negotiation and Contadora. We already have said that we are going to go to Esquipulas. We are going to discuss the Arias plan and the Contadora proposal. We are willing to hold a dialogue. We want to reiterate this just as the Nicaraguan president and the president of the National Assembly stated yesterday. [end recording]

FRG Delegate on Aid 'Blockade'

PA301508 Managua Radio Sandino in Spanish 1200 GMT 29 Apr 87

[Text] The FRG Government has imposed a virtual economic blockade on Nicaragua, FRG Social Democratic Deputy (Uwe Holtz) said yesterday, describing the suspension of the FRG economic aid to Nicaragua. (Holtz), deputy chief of the FRG parliamentary delegation at the 77th IPU conference in Managua, called on the United States and the FRG to lift the blockade of credit, fund, and aid against Nicaragua. The Social Democratic deputy also described the EEC's policy toward Central America as correct because it helps all the Central American countries without any discrimination.

FRG Deputy (Holtz) yesterday said that the United States should stop its disastrous policy toward Nicaragua. He also said that some Western countries, like the FRG and the United States, make mistakes in their policy toward Central American countries. He believes that the Bonn government should resume cooperation programs with Managua. The United States violates international law by supporting the Somozist guardsmen, (Holtz) stressed. He said that the same is being done by the FRG, which has imposed a virtual economic blockade on Nicaragua by suspending previously approved financial aid for the Nicaraguan Government.

[Begin (Holtz) recording in German with passage-by--passage into Spanish] We believe that some Western countries are committing two grave mistakes. I am referring to the United States which is violating international law and supporting the contras. I am also referring to the FRG, which has imposed something like a blockade on cooperation with Nicaragua. One tries to do something positive in the sense of promoting democratic pluralism. If the intent is to support democratic development, foreign intervention must be ended so that there will be peace in the country. The blockade of funds, credit, and aid must also be stopped.

Pluralistic solidarity from abroad promotes political pluralism in the country. Therefore, the EEC policy of supporting and helping the Central American countries without any discrimination is correct. The EEC could do even more with cooperation and trade promotion programs. The FRG Government should reopen economic cooperation programs with Nicaragua. [end recording]

FRG Ambassador to Nicaragua Josef Ruznak yesterday said that his government has not imposed an economic blockade on Nicaragua as the FRG Social Democrats have charged. Instead, it has only discontinued financial aid to the Managua government. Ruznak added that his country maintains extensive technical cooperation ties and there are more than 30 FRG cooperation workers in Nicaragua working in various government programs. The ambassador said that there are more FRG cooperation workers in Nicaragua than in any other Central American country.

Mrs (Lenny Fisher), chief of the FRG delegation to the IPU conference, said that the FRG Government has not made any new decisions on economic, technical, and development projects for Nicaragua. When the returns to Bonn she will resume the discussions about the development projects in our country.

Christian Democrat (Otto Wolf) said that the FRG plans to support projects in Nicaragua and that there should be no obstacle for good technical and economic cooperation between the two countries.

Romanian Delegates Addresses IPU

AU301541 Bucharest AGERPRES in English 1443 GMT 30 Apr 87

[Text] Managua AGERPRES 30/4/1987 -- The problems of underdevelopment, and of international economic cooperation on the basis of equity and equality cannot be solved by a small group of states, nor can partial solutions be satisfactory, said the Romanian representative to the 77th IPU conference in Managua in his address. Romanian, President Nicolae Ceausescu assessed as highly significant the calling of an international conference under U.N. aegis with the equal participation of all developing an developed states to end in understanding apt to favour the more rapid progress of all the countries, of the ones lagging behind first of all.

President Nicolae Ceausescu proposed a developing and non-aligned summit conference to work out a programme along these lines and a common strategy for the negotiations with the developed countries.

Showing that Romania put forth a concrete programme for the global settlement of the foreign debt problem, the speaker stressed that a revival of the world economy required an end to protectionism in world trade and the promotion of a mutually advantageous economic cooperation. He also showed the need for a fair ratio between the prices of the raw materials and the prices of manufactures, for a democratic reorganization of the international monetary and financial system and for the unrestricted access of all the states to the gains of modern science and technology.

At a meeting of the European parliamentary groups also in Managua Romania's representative said that security and cooperation in Europe were the centrepiece of activities. The Romanian parliamentary group, attaching great importance to these questions, took an active part in all previous six conferences that discussed them, said the speaker in conclusion to his address.

Iran Delegate Sees Nunez on Ties

LD021457 Tehran IRNA in English 1440 GMT 2 May 87

[Text] Tehran, May 2, IRNA -- Hojjat ol-Eslam Movahhedi Savaji and his parliamentary delegation to the Interparliamentary Union (IPU) met with president of the Nicaraguan Council of State, Carlos Nunez, in Managua Friday.

During the meeting, Movahhedi pledged Iran's support for the Nicaraguan Government and people in their fight against U.S. imperialism. He also conveyed the greetings of Iranian Majlis speaker Hojjat ol-Eslam Akbar Hashemi-Rafsanjani to Nunez.

Nunez said in reply that both Nicaragua and the Islamic Republic share common political viewpoints on many international issues. He added that he was willing to visit Iran.

Ortega on Renewed Ecuador Ties

PA031315 Managua Domestic Service in Spanish 0004 GMT 2 May 87

[Remarks by President Daniel Ortega Saavedra to Ecuadoran parliamentary delegation; date, place not given -- recorded; broadcast in progress]

[Text] ...to the Ecuadoran delegation attending this IPU conference because the Nicaraguan people and Government believe that relations between Ecuador and Nicaragua have not been broken and cannot be broken because they are historic and because fraternal relations are stronger than any formal decision that may have been adopted.

We wish to thank and recognize the Ecuadoran people through the political parties represented here for the firm and consistent attitude of solidarity that you have shown the Nicaraguan people by rejecting the measures taken by the government of President Febres Cordero when he broke relations with Nicaragua. We firmly believe and are sure that very soon we will be able to formally reestablish these relations because, I repeat, the relations between our countries are firm and solid, with no discord, and are shown here by this artistic expression from the Ecuadoran people.

The Ecuadoran people are joining the artistic expressions by Latin American painters and sculptors who have been making contributions here in Nicaragua for the Museum of the Americas. We hope that there will be a Latin American Museum next to the Museum of the Americas. This would truly [words indistinct] to the U.S. and Canadian artists and from the entire continent, including the Caribbean. The museum has been enriched with a large number of works. It has works from all over Latin America. We have even received works from other continents.

These works that you are delivering to us today, produced by the imagination and creativeness which are part of the Ecuadoran culture, are one more proof of the affection that the Ecuadoran people feel for the Nicaraguan people. We, the Nicaraguan people, want to express to you, the Ecuadoran people, our fraternal and affectionate greetings, and the certainty, I repeat, that these relations, which have been formally affected, can be reestablished at any time. We are willing to reestablish such relations any time. We are taking the initiative to reestablish the formal aspect of these relations. We are willing to resume these relations. Everything will depend on the Ecuadoran Government.

Arce, Wheelock Meet Delegations

PA041901 Managua Radio Sandino in Spanish 1930 GMT 2 May 87

[Text] In reply to criticism about the human rights situation in Nicaragua by Socialist and Christian Democratic delegates attending the IPU conference, two Sandinist leaders denied that there are political prisoners in Nicaragua. On Friday, Bayardo Arce, vice coordinator of the FSLN Political Commission, and Jaime Wheelock, agricultural development and agrarian reform minister, held separate meetings with Socialist and Christian Democratic parliamentarians.

Bayardo Arce, the second-ranking leader of the ruling party, denied that there are political prisoners in Nicaragua, stressing that his government does not accept that term. The vice coordinator of the political commission denied that people are arrested for their political ideas in this country, stating that what exists are prisoners of the war imposed by the United States. He confirmed that there are prisoners, but he said they were not arrested for belonging to an opposition party, but because they were involved in subversive activities against the government.

Arce also rejected a request from a delegate of the Belgian Christian Democratic Party who asked for a general amnesty for prisoners. Arce said that a large number of the prisoners are Somozist henchmen, and their release would be intolerable for the people. The Sandinist leader disclosed that the government has released many former Somozist guardsmen whose responsibility in crimes had not been proven. He also said that the parliament is presently studying a request for pardons for 612 prisoners.

On his part, Commander Jaime Wheelock spoke for 2 hours with the parliamentary delegations from countries that are members of the Socialist International regarding the indefinite closing of the newspaper LA PRENSA, the situation of the prisons, the release of union leaders, and the electoral timetable. Regarding LA PRENSA, Wheelock said that this opposition newspaper, which was closed in June 1986, had violated the country's laws and that even during the IPU conference it had published an illegal issue of the newspaper in another open violation of Nicaraguan laws. Jaime Wheelock asked the FRG Christian Democrats to pressure the U.S. Administration to stop its aggression against the Sandinist government. FRG parliamentarian (Uwe Holtz) told Wheelock that he will ask the Helmut Kohl government to resume economic aid for Nicaragua, which was suspended approximately 4 years ago.

Nunez Closes IPU Meeting

PA031407 Managua Domestic Service in Spanish 2311 GMT 2 May 87

[Speech by National Assembly President Carlos Nunez Tellez at conclusion of 77th IPU Conference in Managua: live -- broadcast in progress]

[Text] ...and I also think that [word indistinct] would be pleased with the results of this conference. I think that the Nicaraguan delegation must feel happy and pleased about being able to present a positive and constructive report about the work we have done in this conference -- to our people, to our people [repeats himself] to whom we have a duty and to whom we promised to find fair, peaceful, and negotiated solutions to contribute to peace in Central America.

We can close this conference -- as we told you on the first day -- with the satisfaction of having carried out our duty, of having attained the IPU goals of promoting the rapprochement among the peoples and of contributing to the search for peace. We can close this conference knowing that there is no justice without peace. Peace is the synthesis of freedom, people's self-determination, and the rejection of ideological, political, economic, military, financial, and commercial hegemony. Peace is a marvelous gift inherent to all human beings, which allows us to live with dignity. It is a gift that encourages men to struggle daily and consistently to protect their own and their people's independence.

Ideological and political disagreements were never insurmountable obstacles for us -- the legitimate representatives of the peoples of the world -- because we share the permanent concern of reaching solutions through discussion and dialogue and respect for the UN Charter, which is the leading force of that world organization.

I would like to reiterate -- raising the IPU banners very high -- that Nicaragua is willing to make all the necessary efforts to prevent the destruction of its territory and to eliminate the possibility that one day this land would display a sign reading: Nicaragua existed here. We will struggle for life, the development of our people, the maintenance of harmonious relations with all states, and the consolidation of a close friendship with the U.S. people and its legitimate representatives. I even dare express my hopes that one day I, my children, or my children's children, united with U.S. children, will feel part of a single continent, and will be like brothers who must protect life. I hope that one day poets and writers will sing and write about peoples' freedom and efforts, so that we can all be happy, both in the immense territories of the world and in these small nations that are now waking up to the realization of their dreams.

On behalf of the Nicaraguan parliamentarians, members of the National Assembly and legitimate representatives of the Nicaraguan people, and on behalf of the Nicaraguan Government I thank the distinguished delegates for their efforts leading to the proper development of this important conference.

Similarly, I ask you to forgive any error made in the organization, hosting, and development of this conference. This meeting, this assembly, has been an extraordinary lesson and is already part of our history. It will force us to be better each day and to be better prepared for future commitments.

I declare the 77th IPU Conference, which for the first time is being held in the Central American region, closed. [applause]

STATE SECURITY CAPTURES TWO ALLEGED CIA SPIES

FL050032 Havana Television Service in Spanish 0000 GMT 5 May 87

[Text] The Interior Ministry has reported that state security organs have discovered, detained, and placed at the disposition of the tribunals, citizens Gladys Juana Oliva Garcia Hernandez and Nestor Norberto Garcia Hernandez, who were carrying out espionage activities in our country as agents of the U.S. CIA.

Cuban citizen Gladys Juana Oliva Garcia Hernandez, who lives in Miami and who also flaunts U.S. citizenship, traveled to Cuba on several occasions during visits made by the Cuban community abroad. During one of these trips as a CIA agent, she recruited her brother Nestor Norberto Garcia Hernandez, an official at an institution belonging to the Construction Ministry, whom she used to carry out espionage activities.

On a later trip, Gladys Juana Oliva Garcia Hernandez brought equipment to Cuba needed to send and receive messages, and trained her brother to use this clandestine communications method to communicate with the CIA. This equipment was confiscated by the police along with other materials as evidence of her crime.

According to information from the Interior Ministry, Nestor Norberto Garcia Hernandez collected and sent economic, socio-political, and military information to the enemy. He continued this activity up until the time the two spies were detained by state security.

Acts like this demonstrate the hypocritical and aggressive policy followed by the United States Government against Cuba. The U.S. Government never stops pionting out the desertions and clandestine exits from our country in its effort to create difficulties for the revolution. At the same time, the Reagan administration uses the channels of communication between Cuban families and the community abroad -- which the Cuban Government keeps open for strictly humanitarian reasons -- to promote espionage and other criminal activities of the CIA.

This event, like many others, once again demonstrates what all the Yankee verbiage is worth on human rights and respect for sovereignty of other countries.

U.S. IMMIGRATION LAW DESCRIBED AS DISCRIMINATORY

FL051915 Havana Radio Reloj Network in Spanish 1409 GMT 5 May 87

[Text] The so-called Simpson-Rodino Immigration Law will be implemented today in the United States. This new law is of an evidently discriminatory nature for the Latin Americans who live in that country, especially for the Mexicans. As a matter of fact, this new law will result in the deportation of millions of illegal aliens who entered the United States after 1982 in search of jobs. Also, this law establishes punishment, from fines to prison sentences, for all U.S. farm owners and businesses who may hire the so-called illegal aliens. The Simpson-Rodino Law will especially affect the U.S.-Mexican ethnic minority, the second largest ethnic group in the United States.

In the United States much money is currently being spent to increase the number of border patrolmen and to reinforce their equipment. This is being done to prevent the flow of Mexican workers, or wetbacks, along the 2,500 miles of the common border. Strong immigration control measures are also being implemented.

The Simpson-Rodino Law reaffirms the discriminatory nature of the U.S. society because it denies a right to millions of Latin American workers. However, the U.S. authorities faced with the social and economic problems experienced by these workers remain indifferent. This new U.S. law also entails serious problems for the Latin American countries. Already burdened by the current crisis, these countries will have to receive the millions of people who will be expelled from the United States.

Effect on Mexico

PA052055 Havana International Service in Spanish 2300 GMT 4 May 87

[Text] Mexico will be the Latin American nation most affected by the U.S. expulsion of foreign citizens who work in U.S. territory. On Tuesday the Simpson-Rodino immigration law goes into effect in the United States, which forces people without immigration documents to return to their respective countries. There is no report on exactly how many people will be affected by this law, but approximately 6 million foreign workers in the United States could be affected.

A few days ago Mexican Foreign Secretary Bernardo Sepulveda declared that his country strongly rejects the violation of the human and labor rights of the Mexican workers. Jose Trevino, leader of the Latin American Citizens League, has stated that strict application of the Simpson-Rodino Law will mean suffering for millions of undocumented foreigners who live in the United States.

A leader of one of the most active human rights defense organizations has said that the initial implementation of the law will provoke chaos because the contents of the law have not been sufficiently publicized. Humanitarian and civic organizations have stated that many U.S. enterprises have begun to dismiss workers who have no immigration papers.

On Sunday, the Mexican Government ordered the creation of a commission to study the consequences the immigration law could have on Mexican workers forced to return to the country. This commission is composed of representatives from the offices of the Interior Secretary, Foreign Secretary, and Labor and Social Welfare Secretary. The commision will have the task of guaranteeing that the returning workers and their families will find dignity and solidarity once they are back in their country as well as opportunities to reintegrate themselves to productive life.

COMMENTARY ON U.S. REGIONAL MILITARY PRESENCE

PA052112 Havana International Service in Spanish 1600 GMT 4 May 87

["Topics" feature with Maria de los Angeles Garcia, Nestor Nunez, and Amalio Sanmartino, members of the commentary section]

[Text] [Nunez] If you allow me, I would like to start by citing an AFP dispatch received on 29 April which I feel applies to the topic we will discuss today. This dispatch reports remarks by Elliott Abrams, assistant secretary of state for inter-American affairs, who said that the Monroe Doctrine -- very well known to Latin Americans -- fully applies now although it was implemented 164 years ago.

I would like to remind our listeners that this Monroe Doctrine establishes that Latin America belongs to the United States. President James Monroe created it in 1823 to try to eliminate Europe's presence on the Latin American continent so that the United States, with its nascent imperialism, could become the power that would determine the destiny of our region.

I think that this is important because it is the principle that is used in the constant and growing U.S. military presence in Latin America, as has been confirmed in recent months in Bolivia, Central America, the Caribbean, and Ecuador.

[Garcia] It is alarming, truly alarming.

[Sanmartino] I think that regarding the maneuvers, it is a new kind of U.S. presence. The maneuvers, especially those in lthe Caribbean, are very worrisome, and we have already discussed them on other programs. However, what has drawn my attention is the ccordination of the presence of U.S. military troops in Ecuador which are there under the pretext of helping Ecuadoreans repair earthquake damage. This reminds me of the U.S. presence in Bolivia last year when, under the pretext of fighting drug trafficking, they settled there, but had to leave thanks to the unanimous demonstrations and protests. In any event, these maneuvers are a [word indistinct] because, in addition to the presence of U.S. troops in Ecuador, the joint U.S.-Bolivian maneuvers will begin in the Bolivian jungle this week. This again brings up the matter of U.S. troops in Bolivia. But, anyway, it was the way you said it would be, Nestor. They are in Ecuador and Bolivia. What draws one's attention, however, is that despite all the reaction against this U.S. presence in all these countries, they intend to remain there. Undoubtedly, there is something behind all this. You wanted to say something, Maria de los Angeles?

[Garcia] Yes, Amalia. I wanted to refer to the fact that in the Ecuadoran case, they claim that they are going to rebuild the areas damaged by the earthquake. However, they cast doubt on the alleged reasons for their military presence in Ecuador and Bolivia. In Ecuador, they sent forces to areas where the earth did not even move. There was no damage in those regions. They cast doubt on the reason for their military presence there.

In Bolivia, they went there under the pretext of fighting drug trafficking. However, when they had to leave Bolivia because of the widespread pressures from the opposition and the people in general, they went back on their word about all the proposals and the promises made to the Bolivian Government. For example, they promised to give Bolivia $300-million in aid to fight drug trafficking. After they left, they said that they could give only $75 million for the first year [word indistinct]

[Sanmartino] I wanted to add that that aid was blackmail. The Bolivian Government had been asking the United States for economic aid. The United States had refused the aid, but offered it when they came up with the blackmail scheme that the Bolivians had to fight drug trafficking, and used that pretext to enter their territory.

[Garcia] What was accomplished with this antidrug campaign in Bolivia? Was it effective?

[Nunez] No effective goal was reached. There was talk about the destruction of small plantations and one or two small laboratories. The truth is that the big drug traffickers continue to work in Bolivia without any problems, and the United States, knowing the exact points where they operated, did not touch them.

[Sanmartino] Many drug traffickers are U.S. citizens, anyway.

[Garcia] Correct.

[Nunez] That is right.

[Garcia] The United States also promised to pay Bolivian peasants who grow poppy leaves with bonds. However, this was not done.

[Nunez] I think that the main reason for all these maneuvers, aside from the pretexts that are being used, is to study the reaction of the area peoples and governments in view of the possibility of stationing troops in certain places and establishing specific areas on the continent where a U.S. military deployment could be made in the event of a conflict. These areas must be in nations that favor the U.S. policy.

I remember that back when there were troops in Bolivia, the Manuel Rodriguez Patriotic Front seized a document from a top military officer in Chile. This document was signed by General John Galvin, commander of the U.S. Southern Command, headquartered in Panama. This document was addressed to Chilean officers and in it Galvin said that in the event of an unfavorable social disturbance in Chile, the Chilean officers should recall that the United States not only had troops in Panama, but in Bolivia, Paraguay, and other places on the continent.

This means that the military contingents operating in Bolivia under the pretext of fighting drug trafficking were already being considered as a rapid deployment force capable of intervening in Chile.

Paraguay was also mentioned. There are military bases which have not been officially declared as U.S. bases inside Paraguayan territory. Therefore, all these factors make up a network of military [?centers] aimed at stopping any revolutionary attempt in the area or any attempt, as I said before, that goes against U.S. interests in Latin America.

[Sanmartino] Another thing I wanted to add is that the 300 troops going to Bolivia now are from the Southern Command, headquartered in Panama. Galvin is proving himself correct: he is now sending his men to Bolivia.

[Garcia] There is something else that proves Nestor correct too. The Bolivian opposition to the presence of U.S. troops presented a document that contained the Pentagon seal. According to a dispatch I have here, the document said that the presence of U.S. military forces in Latin America is a training exercise for a counterinsurgency war. In addition, the United States has planned to conduct maneuvers in Bolivia over the next 5 years. In other words, the United States is planning 5 consecutive years of maneuvers in Bolivia.

[Sanmartino] It means that these "United Forces 87," which will be the name of the joint U.S.-Bolivian maneuvers to take place from 11-26 May, will be the first part of this great maneuver that is to last 5 years as the Pentagon document states. Is it not so, Maria de los Angeles?

[Garcia] That is correct.

[Sanmartino] There is something else that has drawn my attention. The other day, reading news from Ecuador, I saw that former President Oswaldo Hurtado said that to solve the problems left by the earthquake, Ecuador did not need a military presence, much less, as in this case, U.S. troops. Hurtado said that it was enough to mobilize civilian forces. This means that all political parties and people in Ecuador and Bolivia are completely aware of the meaning of the U.S. military presence in their country. This is nothing new. Therefore, I feel this is very important because of the reaction [words indistinct] the presence of the U.S. troops in Bolivia and Ecuador.

[Nunez] I think that it would be good for all Latin American political forces to remain alert to these movements because they occur gradually and slowly from one maneuver to the next. However, they are truly an overall long-term plan that is aimed at affecting the interests of our peoples, and stopping any possibility that our nations have for democracy and true political, economic, and social progress. I think that the Latin American people should watch this situation and follow it closely because it is one of the most serious dangers that our peoples must face in the coming years.

RISQUET MEETS WITH LAO FOREIGN RELATIONS OFFICIAL

FL010122 Havana Television Service in Spanish 0000 GMT 1 May 87

[Text] Jorge Risquet Valdes, member of the Communist Party of Cuba [PCC] Politburo and secretary of the Central Committee, has received Comrade (Inphoun Kae Navon), member of the Lao People's Revolutionary Party Central Committee, deputy chairman of the party's foreign relations commission, and vice foreign minister of the Lao People's Democratic Republic. He is visiting Cuba at the invitation of our party. Subjects of common interests were discussed during the fraternal meeting which took place at Central Committee headquarters. The excellent relations existing between the two peoples were confirmed.

CASTRO VISITS EXPOSITION; AWARD CEREMONY PLANNED

FL302358 Havana Radio Rebelde Network in Spanish 2300 GMT 30 Apr 87

[Report by Daura Olema Garcia from Havana's Palace of Conventions]

[Text] Commander in Chief Fidel Castro is now visiting the [word indistinct] exposition for the third time [as heard]. He is chatting with the technicians, professionals, and physicians there and is touring the rooms where the medical equipment is being shown. A large crowd composed mainly of specialists, physicians, and technicians remains at the Palace of Conventions waiting for our commander in chief, who will attend an award ceremony to be held shortly.

AREA UNIONS TO HOLD FOREIGN DEBT MEETING IN BRAZIL

PA052054 Havana International Service in Spanish 2300 GMT 4 May 87

["Our America" commentary read by Manolo Ortega]

[Text] Thirty Latin American trade union federations will meet in the Brazilian city of Campinas from 18 to 21 May to draft a plan of concrete actions to halt the effects of a $400 billion regional foreign debt and annual interest which entails an additional payment of $40 billion.

The meeting was organized by the Brazilian Sole Central Organization of Workers and the General Central Organization of Workers [Central General de Trabajadores] the Bolivian Labor Federation, and the Uruguayan National Central Organization of Workers [Central Nacional de Trabajadores]. The organizers are seeking broad debates in which all views will be freely expressed and in which advisable solutions will be aired at truly critical moments in the region's history.

Because of its size, the meeting is already causing concern among the imperialist powers, and much pressure is being exerted to thwart it, especially if one bears in mind that it will be held in the first big debtor country that decided to declare an indefinite moratorium on interest payments demanded by the creditor banks. The imperialist powers are undoubtedly alarmed by the size of the meeting, the exchange of opinions free of sectarianism, and the goal of joining forces, elements that run diametrically counter to the imperialist objectives of causing division and separately reaching one-sided agreements for alleged solution.

It will be a forum of workers where, in one way or another, class consciousness will be evident. The development of class consciousness directly harms the bourgeois views which Washington wants to implant in Latin American trade unions through the actions of such discredited organizations as the AFL-CIO and other alleged labor organizations.

The regional situation, filled with misery, unemployment, lack of opportunities, and economic depletion leads to unity in the labor sectors, and the holding of meetings such as the one scheduled to be held in Campinas. The shortsigntedness of the Latin American policy promoted by the White House, which is characterized by inflexibility and arrogance, inevitably leads to the increase of class consciousness in the regional labor masses, and paves the way for agreement concerning those problems of common origin and development. Poverty and the struggle against it make the hungry act in a coordinated way joining together despite any other considerations. In this sense, the Campinas meeting should become a milestone in the history of the unity of the Latin American workers and a forum that should mark the establishment of concrete strategies and tactics to oppose the economic depredation of our peoples.

Brazil took the step of halting the payment of the debt interests. Shortly before, Peru had decided to allocate just 10 percent of its export revenues to pay its obligations to the creditor banks. It is to be expected that the demands that will emerge from the workers' forum will speed up the actions of all the continent's forces regarding this most pressing problem of modern history.

DPRK AMBASSADOR NEWS CONFERENCE ON NORTH-SOUTH

FL051649 Havana Tele-Rebelde Network in Spanish 1100 GMT 5 May 87

[Text] DPRK Ambassador to Cuba Pak Yong-ae held a news conference explaining the various positions taken by the North and South during talks they have held in the last 4 months. With the aim of reducing the acute state of political-military confrontation, the DPRK sent several messages to the South expressing interest in establishing high-level talks. The South's response distorted this purpose by saying the North wanted to begin a dialogue before resuming past talks. In spite of this, the DPRK continues making efforts to avoid confrontation. Therefore, future developments in the Korean peninsula depend on the South Korean puppets.

CARICOM ANNOUNCES UPCOMING MINISTERIAL MEETING

FL290107 Bridgetown CANA in English 2111 GMT 28 Apr 87

[Text] Georgetown, Guyana, April 28, CANA -- Caribbean Community (Caricom) foreign ministers will hold their 13th meeting in Guyana on May 7 and 8, the Caricom Secretariat announced today. The control of drug abuse and trafficking, apartheid in sports and Caricom's relations with a number of groups and countries will engage the ministers' attention.

They will receive a report on the recent Caribbean conference on drug demand reduction held in Belize March 30-April 3. They will also discuss preparations for the community's participation in the international ministerial meeting on the control of drug abuse and drug trafficking to be held in Vienna, Austria in June. Also scheduled for discussion at the two-day meeting are proposals for a co-ordinated approach to training of Caribbean diplomats.

The meeting will also review efforts to implement the decisions of meetings of the conference of heads of governments held in the Bahamas, Barbados and Guyana between 1984 and 1986 to intensify relations between Caricom and other countries, and groupings in the Caribbean and Latin American countries.

The ministers will discuss follow-up activities relating to the Commonwealth report on the security of small states. These activities include a special Caricom consultation funded by the Commonwealth Secretariat held in St Lucia in October 1986, as well as a special meeting on the report held in London, at the Commonwealth level, later the same month.

Other matters expected to be discussed at the meeting include the possibilities for strengthening international action against apartheid in sports. The ministers will also discuss the candidacy for Caricom nationals and governments for positions in various international bodies. They will also focus on significant developments in the hemisphere and on a number of international political and economic issues.

The ministerial meeting will be preceded by a meeting of officials on May 4 and 5.

ANTIGUA AND BARBUDA

DIPLOMATIC TIES WITH URUGUAY ESTABLISHED

FL280136 Bridgetown CANA in English 2323 GMT 19 Apr 87

[Text] St Johns, Antigua, April 27, CANA -- Antigua and Barbuda today established diplomatic relations at non-resident ambassadorial level with Uruguay, a release from the Ministry of Foreign Affairs here said. The release said the ties were established "in conformity with the principles of international law, mutual respect for sovereignty, independence, non-intervention in the internal affairs of states and respect for the obligations arising from international treaties."

GRENADA

BLAIZE REPORTED IN 'GOOD HEALTH' AFTER CHECK-UP

FL051453 Bridgetown CANA in English 1654 GMT 2 May 87

[Text] St Georges, Grenada, May 2, CANA -- Prime Minister Herbert Blaize has had a successful medical check-up at a U.S. Army Hospital in Washington, according to External Affairs Minister Ben Jones.

Blaize, 69, entered the hospital last week for treatment for what is officially described as a prostate gland disorder. The Grenadian leader has been visiting the hospital twice a year since his ruling New National Party (NNP) government was voted into office in the December 1984 general election.

Jones, who is acting as prime minister, said in a radio broadcast last night that the report coming out of the Walter Reed Hospital indicated that Blaize was in good health. The prime minister "would continue to confound and disappoint the prophets of doom," Jones said. He said Blaize was due to return home over the weekend.

ANTIGOVERNMENT DEMONSTRATIONS HELD ON MAY DAY

FL012339 Bridgetown CANA in English 2057 GMT 1 May 87

[Text] St Georges, Grenada, May 1, CANA -- Labour Day celebrations in Grenada turned into a virtual anti-government demonstration as workers and trade union leaders protested plans by the Herbert Blaize administration to retrench hundreds of civil servants to cut costs.

Several workers carried anti-retrenchment placards during a two-mile march and later booed new Labour Minister George McGuire repeatedly as he addressed them at the Queen's Park Pavilion. McGuire who was appointed to head the Labour Ministry two weeks ago frequently interrupted his speech to call on chanting and clapping workers to allow him a hearing.

The government originally announced it would retrench 1,800 public servants in a cost-cutting move, but after criticism from even government ministers, three of whom resigned, said the number would be smaller. McGuire made only passing mention in his 20-minute speech to the retrenchment issue, reassuring teachers that they would not be affected.

Public Workers Union (PWU) President Basil Harford said his organization was against retrenchment. Harford called on government to hold dialogue with the labour movement on alternatives.

"The public workers in this country must not be asked to make the sacrifice for an inefficient fiscal policy of the government," he said. "...I suspect if there were consultations, we as the people who have been manning the institutions of government for the past years would certainly have been able to offer some recommendations," he added.

Dave Lett of the Grenada Union of Teachers said that the business community is not in a position to absorb those to be retrenched and in any case those workers lack the necessary skills to work in the private sector.

Liot Bishop of the Commercial and Industrial Workers Union (CIWU) described the retrenchment plan as an "unpopular move" which would further deteriorate the industrial relations climate in the country and increase the pool of unemployment. "We believe that the answer is not retrenchment. We believe that the answer can be found in serious dialogue between all parties," he added.

President of the Bank and General Workers Union (BGWU) Derek Allard said that plans to retrench workers against 25-30 percent unemployment were a clear indication of the incompetence of the government to run and control the island's economy and to provide jobs for the unemployed.

TRINIDAD AND TOBAGO

OPPOSITION CRITICIZES ROBINSON'S SPEECH

FL241659 Bridgetown CANA in English 2103 GMT 23 Apr 87

[Text] Port-of-Spain, Trinidad, April 23, CANA -- Trinidad and Tobago's political opposition said today it was not impressed with Prime Minister A.N.R. Robinson's State-of-the-Nation address last night.

I consider the address an anti-climax to say the least, opposition leader Patrick Manning told CANA, adding that he would deal in more detail with the address at a conference of his People's National Movement (PNM) this Saturday.

There is nothing in his address that could relieve the people of their present suffering and the people continue to remain confused, dejected, desperate and without a ray of hope, the small opposition National Joint Action Committee (NJAC) said in a statement issued today after an emergency meeting last night.

What is remarkable to NJAC about Mr Robinson's speech is that there is no international, regional or national perspective, which can put Trinidad and Tobago in the context of the present times, NJAC said. It called the address nothing but an act of political conmanship.

Robinson's outline of the country's economic situation -- his first since January's budget speech -- followed growing opposition and press calls for an outline of the state of the oil-based economy. Robinson said last night his four month old government went into retreat last week to review the economy and firm up programmes for the months ahead. He announced specific developmental projects the administration planned to get underway this year as well as outlined government's basic philosophy of boosting the economy through the ailing construction sector.

JAGAN CALLS ON WORKERS 'TO STAND UP AND FIGHT'

FL021831 Bridgetown CANA in English 1639 GMT 2 May 87

[Text] Georgetown, Guyana, May 2, CANA -- Opposition leader Dr Cheddi Jagan has rejected the recently set minimum wage and has called on Guyanese workers to take to the streets and to stand up and fight. He was speaking yesterday at a big workers' rally at the national park here as part of nationwide activities marking May Day.

He rejected the G23.75 dollars or 566 dollars per month minimum wage as chicken feed and contended that Guyanese workers were faced with perpetual poverty and mendicancy from economic stagnation and decline brought by [the] lack of democracy at all levels of the society, mismanagement, and political and racial discrimination.

He said that the government was about to enter into arrangements with the International Monetary Fund (IMF) and the World Bank for more loans and credits which are sure to be on harsher terms than before. The ones who will suffer the most from the government-IMF love-play are the workers, he told the thousands gathered at the national park. The rally was also addressed by President Desmond Hoyte and by President of the Guyana Trades Union Congress [TUC] George Daniels.

Jagan said the trade union movement must, among other things, fight for a progressive labour organisation, severance pay, damages for wrongful dismissal, reinstallment orders, polling for union recognition, the updating of company and factory laws, enhanced benefits for the workers, and reforms in the national insurance scheme.

In addition, the local trade union movement, Jagan said, must move away from narrow economism -- concern with only increased wages and salaries and improved working conditions. The minimum wage was agreed on by government and the TUC.

It is time you take the initiative and let the government do as you wish and not the other way around, Jagan told the workers, adding that they must bring about changes within the TUC and force the government to adopt a socialist-oriented programme.

They must also demand democratic change and workers control at all levels to cushion the effects of the recent devaluation of the Guyana dollar.

In addition, like the president and general secretary of the TUC, who recently took to the streets and staged a picket demonstration against the IMF, workers should take to the streets to back their demands. You must also demand no more devaluation, no retrenchment, no factory closures. You must stand up and fight, Dr Jagan told the workers rally.

ANGLICAN BISHOP ATTACKS STATE OWNERSHIP POLICIES

FL300052 Bridgetown CANA in English 2244 GMT 29 Apr 87

[Text] Georgetown, Guyana, April 29, CANA -- Outspoken Anglican Bishop of Guyana, Randolph George, last night described the policy of state ownership and control of key areas of the economy as a failure, saying that under it the national life had deteriorated.

But George, delivering the charge to the 115th session of the synod of the church here, did not call for the total sell-out of state business to the private sector, warning of a danger welcoming uncritically any form of private initiative.

The Guyana Government began its nationalisation of the major bauxite and sugar industries in the early 1970s and the state now owns and controls an estimated 80 per cent of the economy. ...Our experience has been that public ownership rather than being a source of access for all, and thereby a source of freedom from want, has been a source of domination and special privilege, George said. It has also resulted in widespread corruption and dishonesty.

He said the society in terms of poverty and prosperity has seen a transformation of enormous consequences during the past 15 years. (In) the name of social equality, a considerable amount of natural resources, private property and even church property, through the schools, came under state ownership and control, George told the churchmen.

During this same period we have also witnessed the society drifting apart into distinct groups and into a social system many had hoped not to see again in this country. He described it as a system in which the not highly visible majority eat poorly, are badly educated, have cursory medical attention and earn an insufficient wage if employed at all.

In contrast, there were said to be those few who because of influence and financial status acquired under the system are in a position to organize their lives independently of the rest of the society and if allowed to do so they can create their own schools, medical facilties and find solutions to all the problems of public utilities.

Bishop George declared: This is not what we envisaged under a system which promised a new deal for the small man. He added: without openly and seriously examining the reasons for the failure of the system of state ownership and control and the causes of the deterioration of the national life under that system, we now seem to be stressing the need for private initiative and ownership more or less as a measure of survival.

In reaction to the hardships suffered under the state system, there was said to be a danger of welcoming uncritically any form of private initiative. The church, he said, was not condemning the system of state control -- nor are we advocating total privatisation but we are seeking to analyse the reasons for the general failure of that system in our own society.

According to the bishop, Christians have tended to resign themselves to waste and corruption in the system on the somewhat pharasaical ground that it has nothing to do with me personally. He charged that wrapping ourselves in the cloak of personal justification or perhaps mistaken loyalty we have abdicated our reponsibility to confront the sins of the nation. Christians, he said, have a right and a duty to contribute to the debate on the forms ownership of property should take and have a contribution to make towards the resolution of the problem.